

# Global issues and opportunities in promoting community forest management enterprises

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# Structure of presentation



- What are CFEs?
- ITTO/RRI/FT study:
  - Current scale of CFE role
  - Illustrative case studies
  - Constraints
  - Conclusions
- Outcomes of Rio Branco conference on CFEs
- Recommendations



# What are CFEs?

- Small and medium-sized enterprises (SMEs)

Business operation aimed at making a profit from forest-linked activity with one or more of the following characteristics (Mayers 2006):

1. employing 10 to 100 full-time employees
2. annual turnover of US\$10,000 to US\$30 million
3. Annual roundwood consumption of 3,000 to 20,000 m<sup>3</sup>



## What are community-based forest enterprises (CFEs)?

forest industries managed by indigenous and other local communities for livelihoods and profit through the production, processing and trade of timber and wood products, commercial NWFPs and/or markets for environmental services



# The study

In 2005, ITTO commissioned a report on the role of community forest management enterprises in producer member countries

Report prepared by Augusta Molnar, Megan Liddle et al., Forest Trends & Rights and Resources Initiative with inputs from ITTO, FAO, RECOFTC, IUCN, FPCD, CCMSS, EMPA, CATIE, RDM, and multiple authors





- Changing tenure arrangements
- Increasing number of community forest owners and administrators
- Increasing national demand for forest products
- Prices for forest products increasing
- Markets developing for ecosystem services
-  significance of CFEs

# Role of CFEs in the industrial forestry sector



- CFEs play major role in forest-sector employment
- Major role in forest conservation
- Make large investments in forest management and quality
- Provide products and services to national and international markets



# Case studies



# Case studies

LAC	Guatemala-2	Timber, Sawnwood/Non-Wood Forest Products
	Mexico - 3	Sawnwood/Mixed NWFP, Tourism, PES/MES
	Colombia	MES-Carbon
	Honduras	Sawn Timber; Finished wood products
	Bolivia	Timber
	Brazil - 2	Timber, NTFP (Extractive Reserve)
Africa	Cameroon-2	Timber and Multiple Timber/non-Timber
	Gambia	Honey/Mixed Timber/ Palm
	Tanzania	Butterfly farming
Asia	Nepal- 2	Medicinal/processed foodstuffs, Sawn Timber
	China	Bamboo-Chopsticks
	India	Oil Seeds NWFP, MES
	Philippines	Sawn Timber
	PNG	Sawn Timber

# Nepal bel juice



In Nepal, more than 1.3 million hectares of forest have been handed over to communities

- *“When the government gave us the rights to the forest about ten years ago, it was barren land. It was hard to see how we could get any benefit from it at all.” - Narayan Bahadur Karkee*



# Nepal bel juice (2)



Under community management, forest started to recover. Bel trees, once common in the area, grew back in abundance.

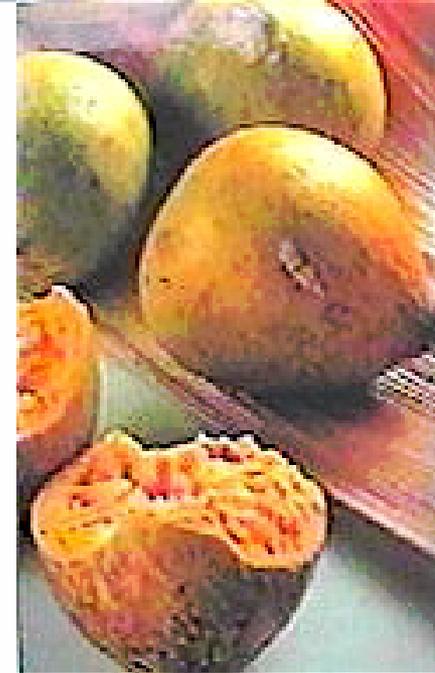
- The fruit of the bel tree is tasty and nutritional.
- Considered a symbol of Shiva, the greatest Hindu God



# Nepal bel juice (3)



- Established Tamakoshi Bel Juice Processing Company, assisted by Swiss Community Forestry Project
- Shares in the company distributed roughly in thirds between three groups
- *“From the start we wanted to involve the poorest people in our valley. In most programmes they miss out, but they are the ones who need help the most.”*  
Narayan Bahadur Karkee



# Nepal bel juice (4)

Collection



Weighing and storage



Bottle claiming and boiling



Bottling and labeling



Juice preparation



Pulping from the fruit



## Nepal bel juice (5)



- The company will produce 30,000 bottles of juice this year, 50,000 next year and 75,000 in 2009
- Consistent profits of 30-40%.
- *“Everyone is benefiting; we are all better off. The poor families are no longer so poor. They have jobs as well as shares in the company and they are starting to save money and to buy things they need.”* - Narayan Bahadur Karkee, managing director, Tamakoshi Bel Juice Processing Company

# Nepal bel juice (6)



- *“Before the company started, few children of the poorest families went to school; now it’s nearly 100 per cent. The adults who work in the company have learned better hygiene, so the incidence of diarrhea is way down. They are learning leadership skills, too, and starting to play a bigger role in community decision-making.”* - researcher Dinesh Paudel
- *“I am very proud of this company. We have taken barren ground and made something grow.”* - Narayan Bahadur Karkee

# Nepal bel juice (6)



Happy coincidence of factors:

- Availability of land
- Granting of rights
- Presence of valuable product in abundance
- Far-sighted community leaders
- Outside help
- Quick results

# Study conclusion: CFEs likely to grow in importance



- Forests with community owners or administrators set to increase
- Challenge for communities, governments, private sector, and civil society

# But there are barriers

- Lack of access to finance
  - Lack of business acumen and professional knowledge
  - Multiple social objectives can unbalance decision-making
- Insecure access to resource
- Inflexible management norms
- Restrictions on social organization
- Unfavourable taxation
- Delays in permits and procedures



# Conference on CFEs



- Held in Rio Branco, Acre, Brazil, July 2007
- Attended by about 300 people, mostly CFE managers and supporters but also government policy makers
- Collaborative effort between ITTO and members of its advisory group of civil society organizations (CSAG)



## Conference on CFEs (2)



- Organized by ITTO, RRI and the Global Alliance of Community Forestry in cooperation with IUCN
- Hosted by the Government of Acre and the Government of Brazil through the newly created Brazilian Forest Service



- Raise global awareness of CFEs
- Generate proposals to strengthen the role of communities
- Identify priority steps for government, industry and international organizations



- Good coverage from Brazilian press



# Conference on CFEs (5)



• Cadre réglementaire très général - Non spécifique aux produits  
• Cadre réglementaire peu formel ou incitatif pour les communautés

Competition with Big Traders

Banking Procedure  
- lengthy and difficult to get loan

Convened in a way that gave Indigenous and other local community leaders opportunity to express their opinions

MERCADOS CONTROLADOS POR INTERMEDIARIOS

Lack of investors in NTFPs Sector.

Barreras in ~~tecnológicas~~ tecnológicas  
Institucionales

- financiamiento de publicidad en los medios de comunicación.

Exigencia de compradores que imponen sus precios

Saving + loans scheme is needed.

absence de acheteurs

- Small break-out groups complemented by short plenary sessions



# The Rio Branco Declaration



We, the managers and representatives of CFEs from 40 countries, ... declare that:

- Government policies and international agreements about forests should be based on the principle that we the local communities and the indigenous peoples are the principal actors in the sustainable management of forest ecosystems. ...
- Governments should recognize the rights of local communities, and push for legal mechanisms that guarantee land tenure and sustainable forest management



# Participants agreed:



... that CFEs and their representatives should:  
work together to ensure that legal access to land and  
natural resources be included in the laws and/or  
constitutions of individual nations



# CFE proponents should:

- lobby governments to provide lines of credit
- adopt measures to combat poverty and encourage social justice
- call for the immediate suspension of high taxes



## ELIMINATE BARRIERS

- Secure tenure and resource access
- Remove or lower barriers that prevent emergence of CFEs or limit their competitiveness
- Increase participation of communities in policy dialogue and development of standards



## SUPPORT A PROCESS:

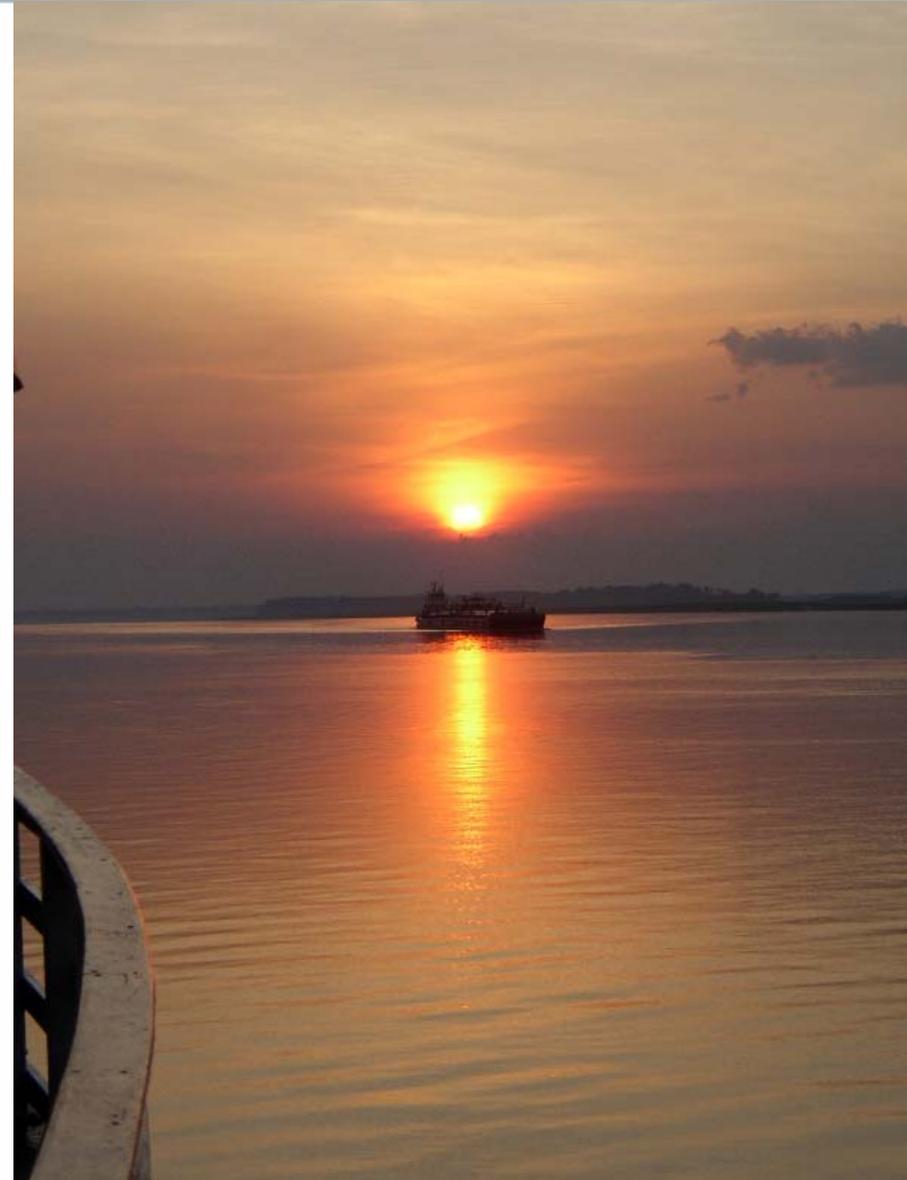
- Create capacity among the agencies responsible for supervising CFEs
- Help build capacity of CFEs and their associations
- Provide better market information, technical assistance
- See CFEs as a positive development



# Thank you

## Photo credits

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RECOFTC, Jan McAlpine



# Thank you

## More information

[http://www.rightsandresources.org/news/events/CFE\\_conference.html](http://www.rightsandresources.org/news/events/CFE_conference.html)