How communities can cash in on teak

Community plantation teak initiatives should link with private-sector ventures to increase their access to high-value markets

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THE current supply of hardwood timber from natural tropical forests exceeds 100 million m^3 per year (ITTO 2003). Demand for such timbers will increase as populations increase, but there are clear limitations to the volumes that can be produced under regimes of sustainable natural forest management. These are imposed by the increasing inaccessibility of the resource, problems related to the marketing of lesser known species, the need for an adequate infrastructure and well-trained personnel in remote areas, questions of economic and financial viability, and, indeed, the current rarity of sustainable forest management today.

Yet alternative sources of supply are not satisfactory, nor are they being developed in sufficient quantities. Improvements can certainly be made in the efficiency with which the current supply is used, but this will not meet the shortfall between sustainable supply and rising demand. Substitution by non-timber alternatives is also possible but hardly desirable from an environmental point of view; softwood and hardwood timber can be imported, but this would be an irony in the traditionally highly forested countries of the humid and sub-humid tropics. I contend, therefore, that there is a crisis in the sustainable supply of hardwoods in many countries in the tropics, although it is obscured for the moment in some countries by the relative abundance of non-sustainable raw material.

Domestic hardwood plantations can help avert this crisis. Sustainable, high-grade hardwood plantations that employ best-management practices can produce 20 times more volume (or more) of timber than natural forests on the same area of land. More such plantations are needed in the tropics.

Teak (*Tectona grandis*) is the world's most cultivated high-grade tropical hardwood. While Asia contains most (94%) plantations, Latin America—with only 3% of the global teak estate (FAO 2001)—hosts more than 75% of the world's teak plantations certified under the Forest Stewardship Council. This amounts to about 20% (25 000 hectares) of the area planted to the species in the region (see www.fsc.org).

The private sector

Successful plantations have come about in Latin America mostly under private ownership. These plantations depend, to a large extent, on inward investments. Best-practice guidelines are often applied in their management and some initiatives address environmental issues by, for example, assisting in the management and protection of adjacent natural forests. Certified plantations provide appropriate conditions and salaries for their workers as well as supporting development initiatives in local communities. Injections of foreign capital into rural areas have provided many benefits to local communities.

This is not to say that commercial teak plantation operations are without problems. A number have run marketing campaigns over-stating their advantages, particularly with regard to projected growth rates and prices and therefore profitability; an array of literature has brought this to public attention (eg Centeno 1996, Chaturvedi 1995, Romeijn 1999, Scholtens 1998, Balooni 2000). Problems of this sort can be addressed, at least partially, by introducing a financial audit of claims, leading to a type of 'financial certification' of the investment. Better data on teak prices would also assist in reducing the potential for fraud.

Community plantations

Private plantations tend to be exotic monocultures geared to the generation of wealth for a relatively limited number of (often) overseas investors. As such, donors and NGOs tend to regard them as falling outside the scope of development initiatives.

On the other hand, the quality of community plantation developments tends to lag well behind private-sector initiatives and the gap is widening. Community plantations are often less well-managed and it has proven difficult for smallholders to obtain certification. In addition, small-scale plantations often cannot guarantee consistency of supply. This means reduced access to the more lucrative markets and serious consequences in terms of the prices that communities can receive for their products. Even in those cases where the quality of the timber is comparable to that produced by commercial entities, large differences in value have been recorded for standing teak belonging to village communities—up to fourfold in West Africa, for example.

Linking the private and community sectors

One way for communities to overcome their disadvantages is to link with private-sector initiatives. The private and community sectors, working in unison, are the most appropriate entities for the development of new plantations. Unconventional schemes that incorporate rich and poor are likely to succeed if arrangements can be made for mutual gain. Synergy between large-, medium- and small-scale cultivators can, if the conditions are right, provide greater benefits to society and the environment as a whole than can segregated developments.

The orchestrating of mutually beneficial and workable schemes between private and community organisations requires a new order of cooperation. The latent power of community stakeholders could be harnessed by creating the right catalytic forces and organisational frameworks; this could have a major developmental impact. With greater linkages to community initiatives, certified private-sector plantations could emerge beyond their current status as

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Many possible schemes may be applied to bridge the gulf between the private and community sectors. TEAK 21 is offered as one possible solution. Its basic design feature is the Consortium Support System (CSS), details of which are provided elsewhere (eg Keogh 2002). As the name suggests, it is a system under which support (financial, technical, quality control) is given, directly or indirectly, to groups (consortia) of growers to enable them to produce more and better high-grade tropical hardwood timber in an economically beneficial, socially acceptable and environmentally friendly manner.

TEAK 21 is, essentially, a forum that provides complementary support from a number of facilitators, thereby allowing private and community growers to work together to gain mutual benefits. The approach is open-ended, innovative and flexible.

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money-spinning devices for a few to become a powerful development tool—with an increased capacity to provide a sustainable output of high-grade hardwoods to satisfy local and international markets.

There are many possible mechanisms for linking the private and community sectors in mutually beneficial arrangements. For example, development banks could provide low-interest loans to the private sector for the development of plantations and processing mills on the condition that the surrounding communities benefit from private-sector technology transfer and participation in collective harvesting and marketing mechanisms. These measures would raise revenues substantially for communities, thus providing real poverty alleviation at little cost—and, in fact, at potentially considerable benefit in increased resource supply—to the private grower. At the same time, loans to the private sector would create further local benefits, including employment. Many other mutually beneficial arrangements are conceivable, including mass certification schemes and out-grower mechanisms.

Development support

Financial resources are key to linking the private and community sectors. In view of the hardwood crisis and the poor use of many existing funds, a radical re-appraisal of development funding is required.

Development funds have been associated with many project failures in the past (Byron 1997). At least a partial use of such funds to entice even greater flows to the high-grade tropical hardwood sub-sector would be doubly effective by withdrawing money from the type of project that has provided few benefits and moving it into initiatives with a high probability of success.

Although development money is relatively small in relation to what is required to solve the hardwood crisis, it is potentially significant as a catalyst for the creation of enabling conditions for capital investments. As such it could result in the mobilisation of many times the scale of current investments.

Creating enabling conditions for capital investments could be realised in several ways. As a first step, it is recommended that development assistance agencies provide resources for facilities designed to support and encourage private and community growers to work together and ensure that all activities reach set technical, environmental, social and financial standards.

Donors are continually being encouraged to incorporate the private sector into development schemes but many agencies tend to feel out of their depth when dealing with commercial entities. The main problem arises for the agencies where the community sector is not involved. However, if the agenda changes in favour of cooperation between private and community sectors, thus allowing the aid agencies to participate fully, the impact will be substantial, particularly for communities. Fears on the part of some aid agencies and NGOs of supporting multi-nationals that wield massive powers must be replaced with a reliance on the counterbalancing forces of certification programs that contain strong social and environmental dimensions.

Beyond conventional silviculture

Best-practice guidelines are well known to conventional teak-growers who aspire to excellence. However, conventional plantations have their limitations and opposition to pure plantations is increasing. It is in the interest of growers to explore how species like teak might be cultivated in alternative arrangements—where conventional planting is inadvisable—in order to allow high-grade hardwoods to expand across a range of sites that are currently off-limits, including high-potential agricultural land and sloping ground where erosion is currently a serious problem in teak monocultures. These arrangements could include the mixing of cash crops and trees (industrial and community agroforestry). Other management techniques beyond the limits of conventional silviculture may be found by looking to the natural forest: in natural ecosystems teak is encountered individually, in dense thickets, in groups, in patches or in pure stands depending on a range of site factors and stand history (Troup 1921).

It is also wise to incorporate high-grade tropical hardwoods other than teak into schemes as soon as possible. This will ensure variety of output in the long run and avoid oversupply. Nonetheless, there is some way to go before the oversupply of teak, especially large-dimension mature timber, becomes a serious issue.

The exploration of non-conventional practices will open the way for the production of high-grade hardwoods from a much wider spectrum of society than was possible previously. Under such circumstances, linking the private and community sectors becomes an even higher priority.

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