FORESTS FOR THE FUTURE FACILITY

European Union

TOWARDS SUSTAINABLE FOREST MANAGEMENT
COMMUNITY FORESTS

Guatemala community forestry © ACOFOP

PROTECTED FORESTS
State protected forests
State restricted-use forests
Indigenous / traditional reserves
Private forest reserves
Community wildlife
  range zones

PRODUCTION FORESTS
Corporate / industrial forest plantations
Smallholder private forest lots
Smallholder forest plantations
Natural forests

FOREST PRODUCTS AND SERVICES
Wood
Non-wood forest products (NWFP)
Environmental services
Recreational environment

FOREST VALUE CHAINS
Wood-based value chains
NWFP-based value chains
Payment for environmental services (PES)
Tourism and recreation

Industrial / corporate forest concessions

Community based forest management

Community-based forestry involves the management of forests by community members and is one model of forest management. Advocated by development organisations over the past 40 years, it is based on claims to land rights, often rooted in traditional practices.

The assumption underlying the transfer of management rights to communities and smallholders is that community-based forestry will lead to more sustainable forest management and improvements in key environmental, social and economic outcomes at the local level compared to conventional forms of forest management by state entities or (old-style) corporate forest concessions which often resulted in forest degradation and neglect of customary rights of use.
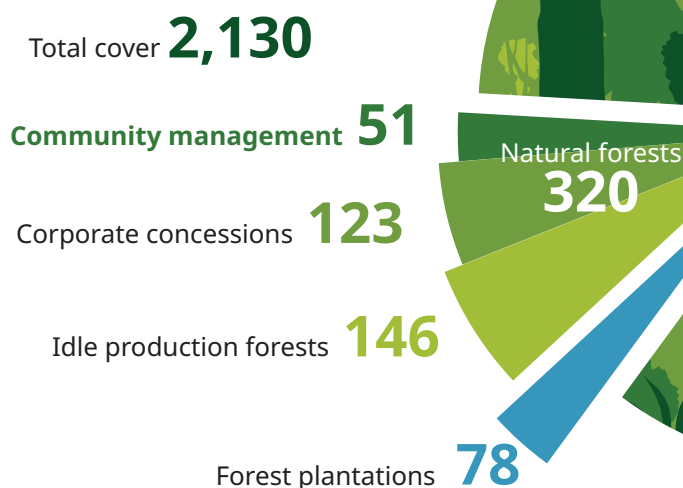
What is community-based forestry?

Community-based forestry includes "initiatives, sciences, policies, institutions and processes that are intended to increase the role of local people in governing and managing forest resources". It includes formalised customary and indigenous initiatives as well as government-led initiatives. Community-based forestry covers social, economic and conservation dimensions in a range of activities including decentralised and devolved forest management, smallholder forestry schemes, community-company partnerships, small-scale, forest-based enterprises and indigenous management of sacred sites of cultural importance.

FAO FIAT PANIS

Out of a total tropical forest area of 2,130 million ha an estimated 577 million ha (see graph below) of tropical forest is under community tenure. Actually, only 51 million ha (about 10%) is production forest under community tenure. This suggests a significant under-utilisation of forests under community tenure, and indeed, many community-based forests are performing below expectations. This *Quick Tips* suggests options that might contribute to strengthening the economic, social and environmental outcomes of community-based natural forest management.

Tropical forests cover
(in million hectares)

Total cover **2,130**

Community management **51**

Corporate concessions **123**

Idle production forests **146**

Forest plantations **78**

Natural forests **320**

Source: Adapted from FAO Global Forest Resources Assessment 2020
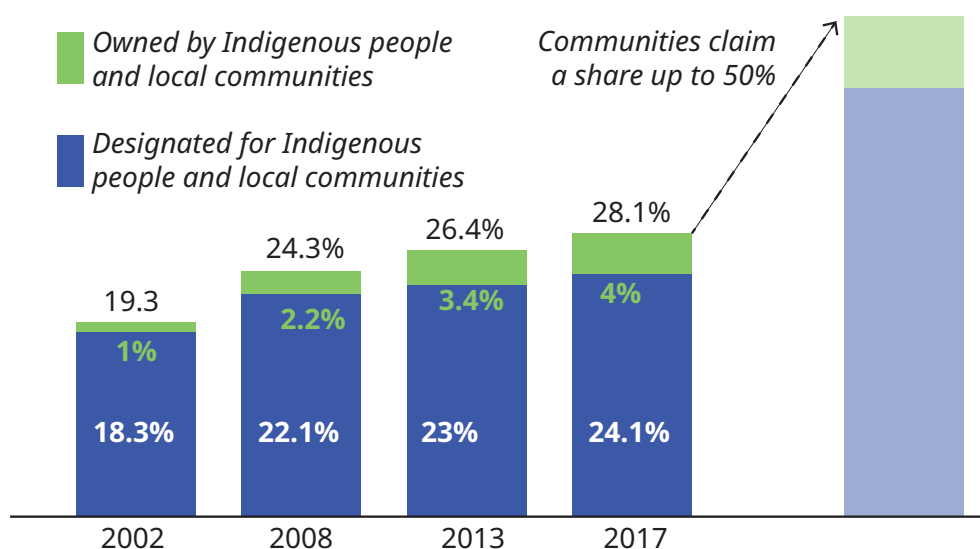
The community-based forestry model

In most countries, communities are required to accept a range of responsibilities in exchange for the rights to manage their forests and share in the benefits. These are generally prescribed in the regulatory framework (laws, policies, rules and regulations, etc.) and include such requirements as management plans, forest inventories and formal permits, and licenses for harvest, transportation and/or sale of forest products.

To obtain formal approval to operate, in many countries, communities are required to form an organisation that will be responsible for forest management. These can take the form of a user group, a village committee or a formal association or cooperative.

Value chains linked to community forests range from wood products (fuelwood, saw logs) to non-wood forest products (nuts, medicinal plants, game), environmental services (carbon credits) and tourism.

The expansion of community-based forestry in tropical and sub-tropical forests
577 million ha under community tenure (Africa, Asia and Latin-America)

Owned by Indigenous people and local communities

Designated for Indigenous people and local communities

Communities claim a share up to 50%

Year	Designated	Owned	Total
2002	18.3%	1%	19.3
2008	22.1%	2.2%	24.3%
2013	23%	3.4%	26.4%
2017	24.1%	4%	28.1%

Source: Rights and Resources Initiative, 2018

This figure shows the steady growth in community tenure of tropical forests, which stood at 28% in 2017. Community based forestry has gradually expanded in the last decades, while communities lay claim to an even larger share of tropical and sub-tropical forests, up to 50%.

Tropical forest in Africa, Asia and Latin-America is under community tenure either as formal ownership or as legally designated use of indigenous people or local communities.

Challenges in community-based forestry

Several challenges weaken community based forestry as a business model, leading to poor bargaining positions and low income for its members:

Poor productive potential

Many community-based forestry initiatives fail because community forests simply do not have the capacity to generate a meaningful income for their members. Forest areas may be too small, remote or degraded. Community forestry enterprises typically produce low volumes, to a poor quality, in an ad-hoc mode. Sometimes, regulations prohibit uses other than for subsistence or for artisanal methods of logging, which preclude a viable business model.

Tenure constraints

Without secure, long-term tenure of land and/or forests, community forest enterprises have little incentive to make long-term investments. Overlap of permits issued by different agencies is also a common problem. Even when tenure is secure, a lack of law enforcement support often leaves communities defenceless against outsiders who make unauthorised use of the forest for farming, cattle raising, logging, hunting or mining.

Internal conflicts of interest

Communities may consist of clans or distinct groups resulting in favouritism or elite capture of benefits, or the exclusion of minority groups (women are often under-represented in community organisations). Also, it can be generally stated that forest communities live at subsistence levels, and sections of the community would prefer to convert the forest to agricultural land.

Lack of management capacity

Often, members of a community forest management group are elected rather by interest than skills in forest management, implying a high degree of dependency on third-party assistance. Also, community members may regard the forest management group as a 'social enterprise', with revenue handed to the community without due consideration to the financial continuity of the forest enterprise.

Lack of finance

Harvesting of big trees requires heavy machinery and logging tracks and roads sufficient for machinery movement, whereas communities typically lack the financial resources for such investment and have to rely on low-cost tools (chainsaws, portable sawmills) and animal traction, splitting large trees into smaller planks or beams for easier transport out of the forest but thereby reducing the wood value.

Bureaucratic hindrances

Regulations may be complex, centralised or disproportional to volumes involved, while district offices may have low processing capacity. Community forestry enterprises may face disruption to their harvesting activities due to bureaucratic delays, resulting in lower than planned harvests and wood mills operating below capacity. The cost of permits, plan approval, fees and taxes may be prohibitive in comparison to wood volume or wood value.

TIPS TO STRENGTHEN COMMUNITY-BASED FORESTRY

Community-based forestry is highly dependent on external financial or technical assistance from donors or NGOs. When support programmes end, community-based schemes start to weaken. A comprehensive national support strategy, offering support to the sector instead of case by case, could ensure a more permanent support. The EU could support this approach by:

Creating the enabling conditions for community-based forestry

Where community forests are too small for significant production, study options to extend the licensed areas. Degraded community forests may be restored via enrichment planting or reforestation. Support the revision of production restrictions or the licence term if this is too short for long-term forest management planning. Support law enforcement to protect community forests from encroachment or conflicting permits. Where possible, seek to improve public infrastructure (road conditions, access to power, internet or mobile phone networks).

Identifying viable business models

Technical-financial feasibility studies are needed to assess the earning potential of wood or non-wood value chains or other stream of revenue for community forests. An adaptive business approach is recommended that considers the management capacity of the community, e.g. not all communities can have their own sawmill. Improve the bargaining position of communities with a marketing plan e.g. via pooling production with other communities or nearby forest concessions.

Strengthening the entrepreneurial model

To enhance the financial self-reliance of community based forestry, sufficient revenue must be retained for investment or for working capital. An organisational model may be recommended wherein the management body is answerable to the community but has an independent business mandate and financial control. If countries wish to develop profitable and sustainable community forest enterprises they must consider facilitating stronger social organisations between community producer groups.

Supporting capacity development

The community forest management entity must have members with a range of professional skills, covering forest inventory, management planning and operations to marketing and financial administration. In addition, to meet the changing national and international market requirements (such as the EUDR), development of due diligence capacity is gaining importance too (geo-location, wood tracking system). Facilitation of forest certification (FSC, PEFC) will give additional market advantages. Strengthening cooperative management will be required where group formation is involved (association, cooperative). And capacity building must aim to enhance the participation of minorities, women and youth.

Facilitating access to finance

Community forest entities need finance for working capital (to finance operations) and for investment (machinery and equipment). Many countries will have, or plan to have, a forestry development fund for loans to community forestry groups but such national funds are often under-capitalised. EU finance could be used to capitalise national funds; or national banks could be provided with guarantee funds as a basis for soft loans to the community forest sector. Joint ventures could be promoted between EU entrepreneurs and community forestry groups, whereby the EU entrepreneurs bring in finance, processing skills and market intelligence.

Developing technical-administrative service networks

Forest management requires expertise in silviculture, biodiversity conservation, book-keeping, marketing, handling of permits and licences, and more. Rather than relying on support provided by donor programmes or NGOs, it is recommended to develop local institutional capacity or a local competitive network of well-trained service providers. This could include training of national experts as independent auditors for due diligence verification for FLEGT, EUDR or certified forest management (PEFC, FSC).

Adapting community forest enterprise to meet market demands

In the southern Mexican state of Oaxaca some communities have established a 'gerencial' or managerial system for their community-owned businesses. Under this system, business managers are paid and serve indefinite terms at the discretion of community authorities and the assembly. This model has the potential to provide a greater degree of professionalism, while maintaining community control.

A Finnish service network model

In Finland, a land of family forests, two-thirds of forests are owned and managed by private individuals. MTK is an interest organisation representing farmers, forest owners and rural entrepreneurs. Forest management associations take care of most of the planning of forestry measures and their implementation in private forests, and act as umbrella organisations for forest owners in group certification of forest management.

Sustainable forest management in Assadero Sansone, Honduras © F4 2023

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Towards sustainable forest value chains

Why gender matters for forests

Towards sustainable forest management – Forest concessions
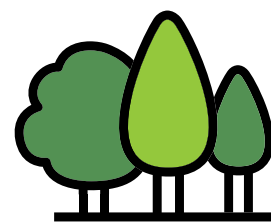
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