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Lessons of Experience from WWF's Community-based Forest Enterprises Project (CBFE)

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Abstract

Community forestry has a history spanning over four decades in tropical countries of Asia, Africa and Latin America. However, most community forestry development efforts have not been successful. With the forest area owned and administered by communities in developing countries having reached 22 percent as of year 2000, it is important to implement management models that can ensure the long-term viability of community forest management. One of these models is the enterprise approach, currently being promoted by the Community-based Forest Enterprises (CBFE) project, managed by the World Wildlife Fund (WWF) and funded by the European Commission (EC). Under the leadership of WWF, the project structure provides support to more than 50 community forest enterprises in Bolivia, Cameroon, Panama, and Papua New Guinea. The main purpose of the project is to support community forest enterprises so that they can become independent and prosperous economic operators, who, through responsible forest management can be effective partners in forest conservation. After an overview of the project and its scope, results to date and issues arising are examined both in general and more specifically for each of the four countries. This is followed by a discussion on the main factors of success for community forest enterprises that have been identified through the project's experience, and the role of support structures in promoting these success factors. The paper concludes by offering a response to the question "Where do we go from here?" with a discussion on entrepreneurial perspective as an essential ingredient for self-sustaining community forestry.

Keywords: community forest enterprise, business, policy, forest management, factors of success.

I. Introductory remarks

Community forestry is hardly a recent phenomenon. Early attempts at supporting rural communities in the management of forest resources were registered over five decades ago in Latin America (Forster et al. 2003), roughly forty years ago in Southeast Asia (Gibbs et al. 1990), and over twenty-five years ago in Africa (Bruce 1989). At present, over 22 percent of all forests in developing countries are owned and managed by community groups (Nurse and Malla 2005, White and Martin 2002). However, to a large extent, technical assistance projects oriented toward community forestry have not been successful despite millions of dollars invested, and the vast experience accumulated (Dourojeanni 2008). Major factors contributing to this situation include weaknesses in project design, the lack of an economic

perspective, technical assistance not well adapted to field realities and unrealistically short project and funding periods. As a result, the majority of these projects have raised the expectations of large numbers of low income communities that have ended up frustrated from a lack of sustainable results.

This paper reviews the experience of a project operating in four countries, covering the regions Africa, Asia-Pacific and Latin America. In all its operations, the project has focused on the creation of community enterprises with the clear economic perspective that they should eventually become self-sustaining. An important expected result is that these community forest enterprises (CFEs), as they utilize their forest resources as sustainable economic assets, can contribute to tropical forest conservation. While after almost three years of operation none of the CFEs supported by the project have yet reached autonomy, there has been measurable progress and results to date are encouraging.

II. Background on the CBF E project

The Community-based Forest Enterprises Project (CBFE), funded by the European Commission (EC), and implemented by the World Wildlife Fund (WWF), began its activities in June 2007 and operates through field components in Bolivia, Cameroon, Panama and Papua New Guinea (PNG). In all these countries, community forestry operations are being supported by the CBFE project with a double perspective of forest conservation and business management.

The main purpose of the project is to support community forest enterprises so that they can become independent and prosperous economic operators, who will improve their welfare through sustainable management of their forest areas as economic assets, and can also be effective partners in forest conservation. Throughout the four countries, the CBFE project is supporting over 50 community forest enterprises involving several thousand families.

In Bolivia, Cameroon and Panama, WWF manages the components directly, normally in collaboration with local NGOs, while in PNG WWF contributes, with funding and policy work, to a broader community forest enterprise effort managed through a partnership with a major local NGO specialized in forest certification. WWF field teams operate as training facilitators, and technical advisors through a “close coaching” approach supported by detailed annual operating plans and budgets, with technical reporting every six months and quarterly financial reports.

Initially, in all four countries the project emphasized the establishment of community enterprises as legal entities, and the elaboration and implementation of forest management and community development plans. Additionally, policy dialogue with State authorities was initiated and some commercial contacts were facilitated in all project components. Starting in 2008, while maintaining the support in technical forest management and community development themes, a greater emphasis has been placed on business skills and marketing capabilities. Policy dialogue with authorities has also been intensified to improve the business environment for community forest enterprises.

Through the CBF E project and some prior efforts, WWF has acquired a reputation as a credible actor in the field of community forestry. This is largely due to an approach that combines sustainable forest management with a commercial enterprise focus.

III. Present status of the CBF E project

Based on the original contract with the European Commission, the project period was expected to end in December 2009. However, since expenditures in 2007 were minimal, the budget remains robust and a no-cost extension through June 2010 has been obtained.

As of now, some operations in Bolivia, Panama, and Papua New Guinea are sufficiently advanced technically organizationally and commercially, and could become independent within one-to two years. This will depend upon improvements in market conditions, the further development of business management systems and skills, and the strengthening of marketing approaches already underway. Consequently, work is currently being conducted on an aggressive search for new funding that should cover an additional two-to-three-year period starting in mid-to-late 2010. The focus will be on consolidating the results of the current phase. Work will focus more on attaining the economic independence of community forest enterprises currently being supported, than on initiating work with new communities. The new phase will emphasize three main areas: a) intensifying policy work to improve business environments; b) business management and organizational skills; and c) aggressive marketing efforts regarding both timber and non-timber forest products, with explicit involvement of the Global Forest and Trade Network (GFTN)¹. Additionally, the new phase will examine value added and certification options to the extent that they improve market opportunities for CFEs.

IV. Key results and issues arising (overall and by country)

Over a period of 30 months, the CBF E project has produced a number of results in the process of establishing community forest enterprises and providing them with assistance on the path to autonomy and improved welfare. Some of these results cover the project as a whole (e.g., structuring of legal entities, compliance with administrative requirements, training, production and trade, and business and community planning). Others, are more related to the specific contexts of the four project countries, and for the most part, are focused on the areas of operations, marketing, and policy and social development.

Overall results

Throughout the four countries, the CBF E project has been supporting community forest enterprises affecting over 50 indigenous and other rural communities (Sève 2009b). Initially, this support has been concentrated on the establishment of legal entities with formal statutes and organizational structures. Another initial focus has been the development of sustainable forest management plans, not only in compliance with the regulations of each country, but

¹ The Global Forest & Trade Network (GFTN) is WWF's initiative to eliminate illegal logging and drive improvements in forest management while transforming the global marketplace into a force for saving the world's valuable and threatened forests (WWF, GFTN Brochure, undated).

also as instruments to guide the sustainable use of the community forests. In all four countries the project-supported operations have their legal structures and are implementing their officially approved management plans.

Apart from getting the legal structures established and the forest management plans developed and implemented, the project has dedicated significant resources to provide training for these community forest operations. Initially, training activities have emphasized forest management related skills, such as land mapping, wood measurements, and low impact harvesting. More recently, business skills such as accounting, business planning, production management, chain of custody, contract negotiation and marketing have been added to the project's training efforts. In all components, formal training is followed up by close coaching on the part of the project's technical teams.

A major impact of all these project efforts is that at present, forest product sales are occurring in project operations in all four countries, despite the worldwide economic crisis. While most operations still have a way to go on the road to autonomy, complete sustainable forest production systems and businesses are materializing under all project components. Apart from the formal establishment of the enterprises, the development of forest management instruments and training activities, WWF teams have also provided support in the preparation of business plans to guide production and marketing processes, and community development plans to guide the use of business proceeds toward investments that improve community welfare.

Finally, in all four countries, policy issues relevant to community forestry have been identified and analyzed. Based on these analyses, policy dialogue is underway with all four governments, with the aim of making the institutional frameworks increasingly favorable to community forest businesses.

Naturally, all this progress has not been achieved without surmounting a number of difficulties. Many of these are related to physical and economic accessibility of the forest resources, characteristics of the rural and indigenous societies collaborating with the project, as well as bureaucratic inertia and administrative constraints. These obstacles continue to be overcome through intense and targeted technical assistance, and constant communication with both communities and public authorities. It is worth noting, however, that support and assistance under the project are not intended to be permanent. On the contrary, they continue to be provided only for as long as is necessary for CFEs to acquire autonomy.

Bolivia

In Bolivia, the CBEF project has focused mainly on two indigenous groups: one Ayoreo community group holding 20,000 ha in the locality of Zapocó, and 10 Chiquitano communities with holdings totaling 44,000 ha in and around the locality of Lomerío. All these communities are located in the municipality of Concepción, in the Department of Santa Cruz².

The Zapocó community is already taking its own operational and financial responsibilities. More specifically, this group has developed ability to manage complete forest harvesting operations including log grading and handling, and has set up an organizational structure

² Partial assistance to other Indigenous groups has also been provided in Bolivia by the CBEF project.

designed by the community. The Zapocó community forest enterprise is already making its own investments and could become an independent operator within a year's time.

The Lomerío group of forest communities has restarted its activities after several years of interruption³. WWF initiated technical assistance efforts under the CBFE project in early 2008. Given the fact that several communities needed assistance simultaneously, the WWF office in Bolivia proposed a model based on an enterprise that would provide technical assistance services to all these community groups, i.e., ESFOR (*Empresa de servicios forestales*). The ESFOR model has been accepted by the communities, is being staffed by indigenous professionals and is already providing services in support of management plans, harvest censuses and annual operational plans, as well as training and coaching for harvesting preparation and implementation (WWF 2008).

The CBFE component in Bolivia can also be credited with other accomplishments in the operational, marketing and public policy areas. From an operational standpoint, accomplishments include the preparation and update of mid-term business plans, annual operating plans that are precise and easy to implement, and an automated wood tracking system (*Sistema de control y seguimiento forestal SICOSFOR*) adapted to forest harvesting operations (WWF 2009).

In the marketing area, the Bolivia component has prepared a number of printed materials and has supported the participation of communities in forest products trade fairs; has facilitated multi-year contracts with certified buyers; has promoted responsible purchases for community forest products, mainly from large municipalities; and is supporting certification procedures (mainly group certification schemes), according to the standards of the Forest Stewardship Council (FSC), based on initiatives of the communities themselves, which are driven by market opportunities.

Finally, in the social development and policy areas, the CBFE project in Bolivia has implemented a broad training approach that includes not only the transfer of skills to community operators, but also the education of schoolchildren and the public; has helped in the integration of community development plans with broader municipal development programs, including cost sharing for public investments; has supported community participation in legislation favorable to CFEs, through a regional platform that includes civil society and local governments; and has provided assistance in the preparation of four major guidelines regarding community forestry issued by the government (WWF 2009).

Cameroon

In Cameroon, the CBFE project works in two major tropical rainforest regions: Jengi, in the southeastern part of the country, and Campo-Maan, in the southwest. In both areas, CBFE project operations are connected with major tropical forest conservation programs conducted by WWF. Communities in the Cameroonian component include groups of Bantu farmers and of Pigmy forest dwellers, as well as mixed communities.

³ The Lomerío forest communities had been supported over several years by the "BOLFOR" project funded by USAID, and had even obtained certification under FSC in 1995 (McDaniel 2003). Technical assistance was significantly reduced after BOLFOR's completion. As a result, sustainability was not attained and the certification was lost.

The Cameroonian component of the CBFE project has been affected by numerous operational constraints, most of which are derived from a complicated legal and regulatory framework and cumbersome administrative procedures⁴. Concrete examples include limitations in the size of community forest areas, the prohibition of extracting roundwood, restrictions on the construction of forest roads and trails, and delays in approvals for annual harvesting permits, as well as broader tenure and land use planning issues. A structured and constant dialogue is being pursued with the Forestry Administration and other public authorities in efforts to address several of these policy and administrative restrictions affecting CFEs. This collaboration is centered on a strong partnership with the Forestry Administration, including the organization of field visits and the training of forestry officers in community forestry-related themes.

In this difficult context, the CBFE team at WWF-Cameroon has sustained a high level of effort in establishing over 20 legal entities, covering a total area of approximately 78,000 ha⁵. To all these entities, the CBFE team has provided follow-up support in preparation of sustainable forest management plans (which include community development plans as a requirement), in collaboration with local NGOs, and provides constant assistance to CFEs in securing annual harvesting permits.

As in the case of Bolivia discussed in the previous section, the Cameroonian component of the CBFE project has also made progress regarding operations, marketing and public policy aspects. Key accomplishments in the operational area include the establishment of a general organizational model for CFEs, and a review of factors affecting the profitability of CFEs in Cameroon, soon to be published as a separate paper (Ondoua et al. 2010).

From a marketing standpoint the Cameroon team has conducted a thorough analysis of the feasibility of wood products processing (to overcome the regulatory constraint against selling roundwood), along with the grouping of CFEs to attain economies of scale; and the facilitation of formalities for the purchase of wood processing equipment. Additionally, the CBFE team has provided constant support in facilitating contracts (including contract formulation and training in negotiation) between forest communities and wood buyers, both domestic and international.

Important accomplishments have also been registered in the area of public policy. These include the establishment of regional networks of forest communities for marketing, policy dialogue and administrative procedures; and a complete overhaul, in collaboration with the Forestry Administration, of the procedural manual for the establishment and management of community forests, including the preparation of a simplified version for use by community groups.

Finally, the Cameroonian component has prepared a number of flyers, brochures and technical notes on several themes regarding management of community forest enterprises for use by communities, in combination with awareness sessions (WWF 2009).

⁴ These difficulties are also related to the fact that in Cameroon the State retains ownership rights on all forest land.

⁵ This large number of community enterprises is associated with the fact that Cameroonian law allows the establishment of community forest operations up to a maximum area of 5,000 ha.

Panama

The Panamanian component of the project operates in the province of Darién, close to the Colombian border. The area of operation is all within the Emberá-Wounaan Region (*Comarca Emberá Wounaan*), which is a territory under a formal Indigenous Local Authority, shared by the Emberá and Wounaan ethnic groups. Three community groups are being supported by the WWF team in Panama: one along the Tupiza river (*Río Tupiza*), covering 5 villages and a forest area of 27,000 ha; a second one along the Tuqueza river, with one major village (*Marragantí*), covering a forest area of 17,000 ha; and recently a third group along the Chucunaque river with two major villages controlling a forest area of 25,000 ha. As a result, the total area of tropical forest under management for the Panamanian component of the CBEF project amounts to 69,000 ha. It is worth noting that at present these are the only three sustainable forest management operations in Panamanian natural forests that are subject to formally approved forest management plans.

An important accomplishment of the WWF team in Panama has been the structuring and strengthening of the *Río Tupiza* CFE, through a participatory process that has brought together five communities into one legal entity, with two lines of business: a base business focusing on timber and a secondary activity concentrated on non-wood forest products, mainly crafts made of palm fiber, which is operated and managed by women.

From an operational standpoint, a major characteristic of the Panamanian component is the high technical quality and rigor of the forest management plans. These go way beyond the legal requirements and focus on ensuring the sustainability of production tropical forests in accordance with FSC standards. For all operations in the Panamanian component, WWF teams have played a major role in the elaboration of the management plans (both timber and NTFPs), the preparation of the annual operating plans, and the facilitation of approvals for the annual cutting permits.

In the field of wood products marketing, the Panamanian component has been challenged by weak local markets controlled by a small number of buyers, combined with substantial illegal logging. The WWF team has shown considerable tenacity and courage in looking for new customers every harvesting season, in improving contract models, and in negotiating for changes in export restrictions. Resulting from these efforts, two major accomplishments have been registered in early 2010, i.e., the preparation of rules and regulations allowing for exports of semi-processed wood from managed natural forests, and the establishment of a 10 year contract with a European firm for the sale of certified wood. In connection with this contract, and in collaboration with WWF's GFTN initiative, procedures are underway to obtain FSC certification for the forests in the Panamanian CFEs, as well as the chains of custody in their respective production processes. Again, this is a certification initiative driven by market opportunities. These trends suggest that at least some CFEs supported by the project in Panama could become autonomous within one-to- two years.

Progress on social and policy aspects in the Panamanian component of the CBEF project includes: the preparation of a detailed community development plan for the *Río Tupiza* operation; a strong partnership with the Emberá-Wounaan Indigenous Local Authority, leading to strong policy incidence and development of a regional forest strategy, through which the CFE model is being replicated in other communities; and continued support to the Local Authority and dialogue with government structures to adjust administrative procedures, improve regulations and contribute to new legislation. Additionally, beginning in late 2008,

the CBEF project team has played an active role, through both direct participation and the funding of events, in a national-level participatory process leading to the drafting of a new forestry law. In early 2010, a complete text was submitted to the National Environmental Authority for review before being sent to the legislature (Espinosa 2010).

Papua New Guinea

In contrast to the other three countries, where the land is either owned by the State (as in the case of Cameroon) or has been deeded by the State to indigenous communities (as in Bolivia and Panama), in Papua New Guinea (PNG) the land has traditionally been fully owned by the communities. Additionally, while in Bolivia, Cameroon and Panama, State authorities have a high impact on forest communities through regulatory processes, in PNG government structures have only minimal involvement in community forestry.

As mentioned in the background section, from a project management standpoint, the PNG component is also very different from the other three. While the CBEF project is managed directly by WWF teams in Bolivia, Cameroon and Panama, in PNG, WWF provides financial and policy support, but the technical assistance is provided by FORCERT, a local NGO⁶.

The FORCERT approach is based on a group certification under the FSC. Based on this approach, FORCERT brings CFEs into the certification scheme under a highly structured and staged process of training, technical assistance and monitoring, as well as strong civil society linkages. FORCERT uses a combination of certification tools for management, marketing and networking. These include: FSC group Forest Management, FSC group Chain of Custody, and Fair Trade certification. Additionally, FORCERT links community forest enterprises to central timber yards (formally named Central Marketing Units), and combines the output of these yards to supply overseas markets.

The PNG component is currently supporting a total of 30 CFEs, covering a combined area of approximately 38,000 ha of tropical forests. The CFEs supported by FORCERT are operating at different stages of the FSC certification process. All of these involve small forest areas (mostly between 500 and 4,000ha) fully owned by communities belonging to various indigenous ethnic groups (WWF 2009). These community forests are located in the provinces of East New Britain, West New Britain, New Ireland, Morobe, Madang, East Sepik and Sandaun Provinces; and the Autonomous Region of Bougainville (WWF 2009).

As previously mentioned, the PNG Government has only minimal involvement in community forestry⁷. Therefore, from an operational standpoint, under a very limited official legal and regulatory structure, the FORCERT approach has established its own normative framework among the participating communities, with respect to forest management, forest products marketing, business management and socio-economic aspects.

⁶ FORCERT is a Papua New Guinean based non-profit company that promotes sustainable forest management through providing certification and marketing services of forest products for local small-scale producers.

⁷ Formalities with participation of government structures are essentially limited to the establishment of communities as legal entities.

Regarding marketing aspects, as in the case of Cameroon, no logs are sold by community forests, and CFEs only sell squared lumber⁸. During their initial stages, CFEs in PNG produce lumber using chainsaws. However, FORCERT has facilitated concessional credit from a financial institution for communities to acquire portable sawmills. Given this access to credit, none of this equipment is subsidized (FORCERT 2009).

Lumber products of exportable quality from the CFEs (all very small volumes) are assembled at Central Marketing Units (CMU), which are also small enterprises operating under the FORCERT structure. FORCERT has established a long-term agreement with an Australian firm (“The Woodage”) that purchases the wood assembled in CMUs at premium prices that vary according to the progress of a given CFE through the stages of certification.

Finally, with the direct support of WWF, policy efforts are underway in PNG to motivate the Papua New Guinea Forest Authority (PNGFA) in advocating official support community forestry through certification.

Different contexts; one vision

Despite differences that reflect the specific character of each particular country, some common elements can be derived from these experiences. As discussed in the individual country sections, WWF teams in all components are seriously concentrating on an entrepreneurial approach that pays direct attention to sustainable forest management, compliance with legal requirements, efficient production processes, marketing of forest products, and all the technical, managerial and organizational capabilities required to run an enterprise. Additionally, the project teams along with the communities participate in policy processes to improve the institutional framework. This is without a doubt the most characteristic feature of the CBFEE project.

Despite the variety of difficulties encountered, field teams have remained on task, and throughout the project, partner communities remain enthusiastic. The enterprise approach, while new to most, is being understood and well received, the necessary capabilities are being acquired and remain in the communities, and government authorities are becoming increasingly supportive.

V. Factors of success for community forest enterprises and the role of support structures

After two years of full operation, the CBFEE project organized an international one-week meeting in late July 2009 to take stock of project accomplishments and lessons of experience. The meeting was held in Concepción, Bolivia and included representations from all four project countries. Among the themes examined and discussed at the meeting, the factors that affect the success of a community forest enterprise were considered of the highest importance especially by the representatives of the CFEs in the different project countries. A major reason for the importance attributed to these factors is that all the CFEs assisted by the

⁸ While in Cameroon CFEs are not allowed to sell logs because of a regulatory requirement, in PNG this is driven by the small size of community ownerships that in general precludes the use of heavy extraction equipment.

project, while they continue to make progress, still have a way to go before they attain autonomy.

This section reviews some of the key factors affecting the success of CFEs, based on the experience of the project in the different country components, as communicated through the discussions held at the Concepción event. As can be seen from the description of the country experiences described in the previous sections, specific situations can vary considerably from one country to another, and from one region, or even from one particular enterprise to another within a country. Therefore, while a few “success factors” can be of general application, most of them relate to particular situations and need to be applied sensibly and on a case-by-case basis. In other words, there are no magic formulas that offer universal solutions.

Factors affecting the success of CBFEs can be grouped into two main categories, i.e. those that are basic to any long-term investment or business, and those that are more specific to particular contexts. While the basic factors are of a generic nature and derived from a long history of forest management experiences, the specific ones discussed below have been gathered from the lessons of experience of the CBFEE project.

In applying both the basic and specific factors affecting the success of CFEs, it is essential to bear in mind that these enterprises require long term investments from which an economic returns are expected. Therefore, prior to the establishment of CFEs, serious consideration must be given to their viability, particularly from a long-term profitability standpoint. This assessment of the viability of a potential CFE must explicitly include a financial and economic analysis. It is in the context of this analysis that the factors of success must be initially taken into account. A potential enterprise must be economically profitable as a basic condition of its sustainability. This consideration has often been overlooked in the design of community forestry projects (Dourojeanni 2008).

Basic factors

In any economic activity involving a long-term investment of resources, (e.g., funds, materials or human effort), investors look at the future with the expectation that they will obtain a return on the resources invested. These expectations depend on a number of conditions that support a reasonable degree of certainty in making a long-term commitment. A long history of forestry investments has shown that the following conditions can be considered as essential (Sève 2000, Sève 2008):

- An enabling framework of basic rights and obligations (including tenure rights and ownership of proceeds) established by law, which will allow for large areas of land to remain committed to long-term forest production⁹;
- Access to competitive and open markets for both products and inputs (including capital) that provide opportunities for economic exchanges including commercial gain;
- A consistent, stable and predictable framework of public policies (macroeconomic, fiscal, tenure, administrative, land use, sector...), under which investors know what to expect, keeping future uncertainties at acceptable levels¹⁰; and

⁹ In many countries, the legal framework controlling the forestry sector are too restrictive, and not enabling enough, and therefore are motivators of illegal actions (WWF 2010).

¹⁰ Constantly changing policies (e.g., tenure rights, taxes, environmental prescriptions, regulatory restrictions, etc.) discourage economic agents from long-term investments, as investors are not sure of obtaining expected returns if policies turn to their disadvantage (Sève 2000).

- Law enforcement to ensure that the basic rights and obligations are respected throughout society.

Throughout a long history of forest management experiences, it has been shown that the more open the markets, the better defined the property rights, and the more stable the policy context, all within the respect of legality, the better the opportunities for sustainable forest management investments. In contrast, it has also been shown that sustainable forest management does not normally occur in the absence of these essential conditions (Sève 2000).

Specific factors

While the basic factors of success discussed above can be applied in virtually all cases, the successful application specific factors depends much more on the circumstances and conditions surrounding individual operations. In other words, a factor that may be of key importance in one country may be of no consequence in another one. Additionally, while specific factors, if properly applied, will strengthen the basic ones, they will have little or no effect if the basic factors are absent (Sève 2000).

Specific factors can be grouped under the categories of *technical assistance, training, administrative requirements, forest management planning, access to financing, fiscal treatment, and formal local powers.*

Among the specific factors of success, **technical assistance** is perhaps the most important one, especially at the initial stages of CFE establishment. In most cases, the creation and development of a CFE involves a major socio-economic transformation, from an economy based on subsistence to the integration of very traditional rural societies into the local, national, and even international market economies. This transformation involves the acquisition of skills (mainly technical, managerial, commercial and organizational), which in most cases are new to these societies. The transformation process also faces other difficulties of a cultural and institutional nature. In fact, many of the failures of community forestry efforts over the past four decades can be attributed to problems with the design and implementation of technical assistance packages.

Based on the experience provided by the four field components of the CBFEE project, it has become clear that technical assistance must focus on the satisfaction of specific needs based on biophysical and socioeconomic analyses of the community and its forest management area, always bearing in mind that every case is different. Additionally, it must be targeted to the production systems involved and must include both technical and business skills, including the facilitation of marketing contacts and the identification of opportunities for value added processing and certification.

Another key consideration in a community forest enterprise context is that technical assistance must be conducted with full awareness that, while technical forest management skills (e.g., land surveying, forest measurements, harvesting and even wood processing) are assimilated fairly fast, the process is much longer for business skills (e.g., accounting, operational management, marketing, contract negotiation, etc.), especially because operating as a modern business is seldom part of rural cultures. Therefore, technical assistance teams must understand and respect local cultures, uses and customs, and must be composed of

individuals who are strong both in subject matter and in communicating with local people. These two aspects are essential in maintaining the credibility of technical assistance efforts.

Effective technical assistance must also be conducted with a time-bound and clear purpose. In supporting CFEs, there is no room for permanent subsidization or paternalism. On the contrary, technical support must focus on developing autonomous businesses, and therefore needs to be time sensitive, starting with close coaching in the beginning, and be reduced over time until negotiated autonomy timing is attained. However, this technical assistance period must be sufficiently long for the capabilities necessary for an autonomous operation to be acquired. Technical assistance projects are often subject to funding periods of three-to-four years. Experiences in a large number of failed projects have shown that much longer time frames are needed. Periods of eight to 15 years are often mentioned (Dourojeanni 2008, Salazar 2010), although several CBF E experiences suggest the possibility of shorter periods, but definitely more than 3 to 4 years.

Finally, it is always helpful in the long run to include as part of technical assistance packages, an applied research component to improve the knowledge base for sustainable forest management, based on the experience accumulated as the operations evolve over time¹¹.

Training is another factor of success of the highest importance for CFEs and, practically speaking, it cannot be separated from technical assistance. Based on the experience of the CBF E project, the best results are obtained if the key persons in charge of technical assistance are also the key training facilitators. This is due to the credibility established over time between the technical assistance teams and the communities. Additionally, in order to contribute effectively to the development of a CFE, training must be focused on the competencies to be developed for the enterprises success and on the targeted individuals who will need to apply them.

Regarding competencies, both technical and business/commercial skills are of utmost importance. In fact, the experience of the CBF E project has shown that especially in the beginning, too much emphasis was placed on technical skills and not enough on business capabilities. This resulted from the fact that WWF, being a conservation organization, has field staff more concentrated in technical areas. However, over time, in all four countries, WWF field teams have made considerable improvements in business and commercial topics and are now in a condition to provide support to outside consultants in business training activities.

Other considerations regarding training include: a) to the extent possible training events must be held in the field or in the villages; b) the training of local or indigenous trainers must begin as early as possible in the project period; and c) in some subject areas (e.g., forest management), government officials and perhaps business partners may also need training.

Administrative requirements are normally regulatory dispositions that vary widely from one country to another. As already noted, they include the approvals of forest management plans and annual harvest permits, as well as other regulatory prescriptions, such a ban on lumber manufacturing with chainsaws in Bolivia, and area restrictions along with a ban on roundwood removal in Cameroon. While these requirements are virtually absent in Papua

¹¹ This is especially important regarding the effects of wood harvesting on future stand development, and consequently in the design of silvicultural prescriptions. The CBF E project has collaborated on this matter with local research institutions especially in Bolivia and Panama.

New Guinea, and fairly flexible in Bolivia, they are fairly rigid in Panama and even more so in Cameroon, to the point that they can seriously obstruct the competitiveness of CFEs.

In Cameroon and Panama, the approval process for forest management plans can take several months, resulting in serious delays for the startup of operations. A more serious constraint is the long time required in these two countries, but especially in Cameroon, to obtain the approval of annual harvest permits. Due to these administrative delays, CFEs cannot operate for several months each year, with serious impacts on the profitability of the operations. The CBFE project has sustained a constant dialogue with the forestry administrations in order to evolve toward a faster, more decentralized and less onerous set of formalities. Additionally, through these same dialogue efforts, other constraints are being adjusted in the interest of improving the institutional and business environments for CFEs.

Forest management plans can be considered as a particular administrative requirement, but given their extreme importance, they deserve a separate treatment. While all community forest enterprises supported by the CBFE project have management plans either in operation or under preparation, in most cases, these plans are not fully achieving their intended purpose (WWF 2010). Forest management plans have been applied over several decades in northern hemisphere countries as technical and normative instruments that organize production forests in space and time to ensure a continuous flow of production, as well as the permanence of the resource (Sève 2009a).

While forest management plans are required by law in Bolivia, Cameroon and Panama, in most cases they only satisfy rigid regulatory dispositions that are often not adapted to specific cases and are only used to obtain an authorization to operate, without necessarily contributing to sustainability. More flexibility should be allowed, and more technical rigor should be required, focusing on sustainability rather than on administrative compliance. Ideally, the management plan should be the regulatory instrument for the sustainable utilization of a forest management area, and annual harvesting plans should not require separate authorizations, as long as they are in compliance with an approved forest management plan (Sève 2009a). Interestingly enough, in Papua New Guinea, where forest management plans are not legally required for CFEs, all CFE operations assisted by the project have simplified and flexible management plans that are more effective than in the other three countries. These plans in PNG are driven by a commitment to forest sustainability as required by FSC certification.

Any enterprise needs **access to financing** for the acquisition of the capital goods necessary for its production processes. However, for multiple reasons, in all countries, again with the exception of Papua New Guinea, access to credit ranges from virtually non-existent, as in Cameroon to very difficult as in the two Latin American countries. Reasons for these difficulties include the newness of the CFEs as businesses, their low demand for credit in their initial stages, and the low credit-worthiness of the logging business in these countries resulting from a history of widespread illegal activities.

In the particular case of Papua New Guinea, FORCERT (WWF's partner organization) has been successful in securing lines of credit with a local financial institution for the purchase of wood processing equipment by CFEs, and they are being assisted in the responsible management and reimbursement of their loans. Following this successful example, the CBFE project is actively pursuing credit opportunities for the CFEs in Bolivia, Cameroon and

Panama, particularly for the purchase of portable sawmills, based on the interest expressed by CFEs in all three countries.

As in the case of administrative requirements, **fiscal treatments** are highly variable from one country to another. While in Bolivia and Papua New Guinea the fiscal pressures appear reasonable and manageable, in Panama they are literally choking the CBF E businesses. In Cameroon, while the legal entities do not pay taxes on their income, the costs associated with the establishment of the entities and the approval of management plans are way beyond what these communities can afford. As part of the ongoing policy dialogue, work is being conducted in Cameroon for simplifying the initial procedures and in Panama for a reduction in the fiscal pressure, including the possibility of exonerations for environmental services derived from sustainable forest management by the CFEs.

Finally, regarding **formal local powers**, in the particular cases of Bolivia and Panama, community forest enterprises have been established within Indigenous territories that have formal governmental structures. In these countries, the CFEs, in collaboration with their indigenous leadership should maintain a constant and assertive dialogue with public authorities. These exchanges should be conducted independently from technical assistance structures and should constantly emphasize improvements in the institutional environment for community forest enterprises, including participation in legislative and regulatory reforms. Additionally, these authorities should make use of their legally established regulatory powers to improve the policy framework for both forest management and business development, and identify opportunities for involvement in combating illegal logging. In countries where these formal indigenous authority structures do not exist, similar actions can be pursued by civil society organizations, which are growing in number and are becoming increasingly stronger.

VI. Where do we go from here? Some perspective on the enterprise approach

As has been mentioned several times throughout this paper, the CBF E project is promoting and implementing an enterprise approach to community forestry. This approach brings together sustainable forest management with business management and commerce under a long-term perspective. The approach converges on a combination of economically efficient forest enterprises, improved welfare for communities and conservation of tropical forests while they are being utilized. The previous section discussed in detail a number of factors necessary for a CFE to be successful. However, while necessary and of the highest importance, these factors alone are not sufficient, and a sound entrepreneurial perspective must be present to make them operational.

A sustainable enterprise requires an internal entrepreneurial perspective, driven by efficient performance that involves a number of critical characteristics. In order to remain sustainable, an enterprise should: a) provide employment but not beyond the point of economic efficiency; b) retain part of the profits to maintain the financial health and capitalization of the business (e.g., not all profits should go to social investments); c) apply simple but effective and transparent accounting and other business management systems to have a clear view of financial performance, and know its complete cost structure to ensure efficiency and negotiate sales effectively; d) make reasonable projections of volumes, costs and earnings based on what can be marketed, to be included in medium-term business plans; e) learn how to handle credit for the acquisition and management of capital; and f) consider options for

association with other community enterprises to acquire marketing leverage and flexibility. The field teams of WWF and its partners, in all the components of the CBFE projects are constantly promoting this perspective through their multiple efforts.

Building upon the lessons of experience, the factors of success, and the entrepreneurial perspective, international cooperation can perhaps adjust its perspective from the standpoint of the effectiveness of technical assistance projects with respect to community forestry. The sustainable continuation of CFEs after a period of external support will depend mainly on: i) the selection of countries which are favorable to business development, market access and enabling institutional frameworks; ii) the establishment of CFEs that can become successful and independent businesses contributing to community welfare and forest conservation over a reasonable time frame; iii) the development of successful business and forest management models that can be replicated; iv) building the capabilities of local support organizations that can continue the training and coaching of new candidate CFEs; and v) successful results, that can attract new funding from various sources to continue the development of new CFEs through the replication of successful models created by the projects.

Like many prior experiences, the lessons of the CBFE project have shown that sustainable forest management and business management are never easy and require a considerable amount of learning. These learning processes are even harder in a rural community context, where there is a need to acquire new technical and business capabilities which have not been part of local traditions and customs. In the end however, changes are necessary if forest communities are to overcome poverty and become partners in conservation.

The moral of the CBFE story can be stated as: You don't fight poverty without creating wealth; you don't create wealth without commerce; you don't have commerce without enterprises; prosperous and independent forest enterprises require favorable institutions and knowledge of forest management and business disciplines; and participation of communities in conservation depends on their view of the forest as an economic asset that contributes to their continuing welfare.

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