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**STRENGTH
IN NUMBERS**



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Effective forest producer organizations



AGRICORD



**FARMERS
FIGHTING
POVERTY**

Strength in Numbers

Effective forest producer organizations

Acknowledgements

This document is based on a range of sources. Particular thanks are due to Pekka Jansen of AgriCord and Sophie Grouwels of FAO, who devised and coordinated the publication and provided a wealth of useful information and feedback. Qiang Ma (FAO) contributed key information and feedback on China and Eastern Europe.

Duncan Macqueen of IIED, Ignace Coussement of AgriCord and several FAO experts (Marco Boscolo, Fred Kafeero, Ewald Rametsteiner, Jerker Thunberg, Kata Wagner, and members of the FAO Rural Employment and Institutions team) provided helpful comments during the drafting process. Thanks are finally due to the writer, Julie Harrod, for bringing the source material together.

The production of this publication has been supported by official development aid from the Ministry for Foreign Affairs of Finland

Foreword

For many years, FAO and AgriCord have supported cooperation between individual farmers, groups and communities to improve agricultural production. Given the increasing amount of forest and forest land now managed and controlled by individuals and communities, the need to strengthen cooperation in terms of forest products (wood and non-wood) and services has become obvious.

FAO and partners have gained valuable initial experience in several recent initiatives, including Community Forestry Programmes, Forest Connect, the National Forest Programme Facility and Growing Forest Partnerships. The new Forest and Farm Facility is based on this experience. The Facility will support forest farmers to form organized groups and to put forest produce on the agenda of existing farmer cooperation arrangements.

AgriCord is implementing support to smallholder farmers' groups and cooperatives developing forestry activities at the local level in Ethiopia, Vietnam, Tanzania, Nicaragua and Nepal. This is being done through twinning arrangements with several local "forest management associations" of MTK, the Finnish Central Union of Agricultural Producers and Forest Owners. Other members of AgriCord are engaged in similar activities: SCC and LRF (Sweden), with the Swedish Family Forest Owners Association, in Kenya; Agriterra (Netherlands) in China; AFDI (France) in Mali; and Trias (Belgium) in Ecuador. Services to sustainable family forestry cover a broad range of timber and non-timber activities from organizing and lobbying to planting, harvesting and marketing. Lessons from the ongoing initiatives will be used to further improve this practical cooperation.

This document is a compilation of cases showing how forest farmers have organized themselves and the lessons drawn so far, with the aim of providing ideas and motivation to service providers and farmers alike. It highlights the need for farmers to have their say on forest policy and legal issues, and to have better access to markets, services and finance. It also provides an insight into the kind of activities and processes that can be supported by the Forest and Farm Facility hosted by FAO, and by the Farmers Fighting Poverty programme at AgriCord.

Ignace Coussement
Managing Director
AgriCord

Ewald Rametsteiner
Forest Policy Team Leader
Food and Agriculture Organization
of the United Nations (FAO)

Jerker Thunberg
Manager
Forest and Farm Facility
(FFF)

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Summary

Properly managed forests are renewable resources that play an important part in mitigating climate change. Already, smallholders and communities control a significant and growing proportion of the world's forests, and evidence shows that they are able to reduce deforestation and manage forests sustainably. A crucial constraint, however, is the isolation of individual smallholders from each other as well as from markets, sources of finance, policy makers and information. Forest producers can overcome isolation by organizing themselves into self-governing groups, and many have already done so. Producer groups enable their members to take collective action, benefit from efficiencies of scale and have more bargaining power. Groups can also speak up for their members' interests and shape policy.

However, smallholders can afford to be active members of producer organizations only if joining such a group increases their income. This means that an organization must offer reliable financial benefits to its members: it must deliver appropriate services to members, both political (such as through lobbying for access to land and markets) and economic (such as training for better production and entrepreneurship). In order to do this, an organization must itself have strong internal governance and a network of partnerships with other players. Given these internal and external capacities, an organization's outreach among rural populations can be wide. Forest producer groups have the potential to allow large numbers of poor rural families to join and benefit from both domestic markets and international schemes for sustainable forestry and carbon capture.

Despite these benefits, forest producer organizations are not yet as common as similar groups in agriculture. The reasons for this are complex. They include the need for a broadly enabling environment in which such groups can flourish, and for secure, long-term access and tenure rights. As the production cycle from forests is slower (often considerably so) than from agricultural land use, growers may need support to engage in the expensive business of planting trees or managing forest until their investment starts to show a return. And their organizations may need external support to provide the political and economic services that members seek.

With the aim of bringing the benefits of group action by forest producers to the attention of policy makers, this report presents a range of cases from across the

globe. There are examples from both developed and developing countries, chosen to illustrate a wide range of benefits without aiming to be encyclopaedic. Most are broadly 'successes', but challenges and possibilities are also outlined.

Examples are arranged in four sections that together cover all aspects of efficient forest producer organizations. The first two are concerned with organizational capacity (internal and external) and the second two cover the ways in which this capacity is used to support members (politically and economically).

1: Developing organizational strength

An organization needs a clear sense of purpose, and to be well structured and inclusive, to maximize its potential. It needs to represent a substantial proportion of the producers (both women and men) in its area of operation, and it must have strong governance and administrative structures. Members need to be keen and active, which is most likely to happen when they enjoy clear benefits such as member-only services or information. Firm, accountable leadership is important, although too much reliance on a charismatic leader can affect organizational sustainability. Transparency in financial dealings is crucial.

Cases in this section have been chosen to illustrate various elements of organizational strength. Even when all the elements are in place, strength takes time to become established. This is seen in Finland, where long tradition enables sustainable family forestry to combine wide ownership and open access with productivity. Finnish forest management associations are mature, democratic organizations that provide a complete range of services to their members.

Sometimes external changes, such as new legislation, make it easier for groups to function well. An example from Gambia shows how villagers were able to form enterprise groups once legal changes transferred ownership rights to them. Community facilities have improved with the income generated from small businesses, and the forest resources are protected by those whose livelihoods now depend on them. Larger external changes, such as post-communist political reform in Eastern Europe, have created the need for forest producer groups to serve a new generation of forest owners.

Some groups become so strong that they provide a working model of democracy and have far-reaching benefits. Community forestry in Nepal has been developing for more than two decades, and the forest user groups serve the wider community in many ways. They emphasize fairness and the importance of helping the poorest in society. Environmental protection and improvements in living standards have taken many years to achieve, but are now firmly established.

A different benefit of group membership is shown by a case where members of a cooperative that practises good forest management have a better credit rating when seeking loans. Another case shows that large-scale tasks, such as forest protection, can be done more effectively by a group than individually.

In some parts of the world, the legacy of former political systems can make producers reluctant to join a group. But in Romania, growers overcame their fears of nationalization when they realized that only by group action could they deal with the wind erosion that threatened their soils. The importance (and potential pitfalls) of strong leadership are illustrated by a case from China. The activities of producer groups in their infancy are described in Ecuador. Finally, a case is presented of how the charcoal industry in Malawi might benefit by having producer groups.

2: Creating networks

Forest producer organizations need to build relationships with other key players (such as government institutions, the private sector, development agencies and civil society organizations) if they are to provide comprehensive services for their members. It is easier for partners to link with organizations rather than individual producers, and the groups themselves can create institutional structures to provide specialist services. Links to research bodies and financial services are particularly important if producers are to learn about the latest techniques and obtain the finance necessary to invest in them.

Examples in this section include networks to reduce transaction costs in carbon projects. Smallholder groups in Kenya and Zambia are involved via partnerships with NGOs. Through better land management and agroforestry techniques, they are improving yields and gaining access to global carbon markets. The importance of links to government, credit providers and research institutions are illustrated by Mexico's federation of forest owners. The effectiveness of direct government grants is shown by a case from Uganda, where village groups now plant trees for timber.

Partnerships along the value chain are shown by examples in several countries. A forest products federation in India has linked with a retail outlet for ayurvedic medicine, boosting the market for forest products and assuring the supply for the shop. In China, a forestry station has encouraged farmers to form an association to plant trees that will supply raw materials for local industry. Links to manufacturers in the developed world have been established by Namibia's marula producers. They now supply several large cosmetics manufacturers, and government support is increasing the domestic market for marula oil.

Partnership via twinning can be particularly effective, as in the case of a mature Finnish forest management association that is supporting a relatively new tree growers' association in Tanzania that lacks capital, market information and expertise.

3: Lobbying and policy-making

Forest producer groups can legitimately speak out on behalf of the small forest producers whose voices and concerns would otherwise not be heard. As members of policy-making forums, producer groups can bring the collective view of their members to the negotiating table, hiring articulate representatives if necessary. This requires good coordination with other stakeholders and within the organization itself, to gather and consolidate members' views. Such complex work is difficult for organizations that are relatively immature, so policy change is a slow process. However, change is possible and forest groups are becoming more vocal and confident.

Many of South Africa's forest producer associations were formed specifically to give voice to their members' concerns, which have to compete with those of large timber companies. Although the committee of the umbrella group Forestry South Africa is still weighted in favour of large producers, it is an active lobby group whose founding objective was to bring small-scale producers into the mainstream. By contrast in Nepal, where there is little large-scale forestry, community forestry user groups have a formal network that is now a vocal social movement representing millions of forest users. It contributes actively to the policy-making process and makes sure that members are aware of their rights and responsibilities. Beyond country boundaries, the Three Rights Holders Group (G3) is an international umbrella group that lobbies on behalf of locally controlled forestry.

In some countries, decision makers lack awareness of the potential offered by small-scale forestry and the



need to support it. In such cases lobbying by producer organizations can make a critical difference. The Czech Republic's government, for instance, showed little interest in the needs of the forestry sector until a national owners' association highlighted the benefits to rural development provided by forests. Similarly in Mali, the national farmers' organization has brought the particular needs of small non-wood forest enterprises to the attention of the government. Helping small groups to negotiate with domineering agencies is also a role for national organizations, as shown by an example from Uganda. Kenya now has a national committee to represent farm forestry associations.

4: Developing business opportunities

Forest production can offer a sustainable, local income source for family farmers. Seasonal lulls in the cycle of agricultural tasks make it possible for smallholders to engage in forest production. In the long term this improves incomes, food security and resilience to livelihood shocks. But as forestry activities are slower to give returns than agriculture, smallholders (who in many cases are operating not far above subsistence level) need the support of forest producer organizations in their new ventures.

Producer organizations have many roles here, especially in providing economies of scale. Aggregating the production of many growers makes it easier to sell in bigger markets and drive a better bargain. Examples in this section also show other ways that organizations help their members to become business-minded. The first case, from Sweden, shows that ownership of forests by smallholders is no hindrance to participating in world timber markets. Pooling resources for economies of scale is also shown by an example from China.

Sharing information on current prices and quality requirements helps members to decide what to grow and when to harvest. For instance, groups of forest owners in Vietnam are learning about markets and are taking steps to have their forest management certified as sustainable. They will then benefit from the fact that timber from sustainable forests fetches twice the price of uncertified wood. In an example from China, where migration from the land has caused a shortage of labour, a producer organization has allowed forest owners to pool their resources and bring in contractors to manage the village bamboo forest efficiently.

Access to loans is often made easier through a group, and being able to borrow money means that individuals are less likely to cut immature trees to provide emergency cash flow. A group in China has formalized

a process by which growing trees can be used as collateral for loans to develop business.

Three cases show how group action can increase revenue for growers. Groups of tree planters in Guatemala have cut out the middlemen who until recently took most of their profit. They now deal direct with large companies. In Mexico a group of local coops have come together to sell their certified timber for pallets. Their joint forest corporation is big enough to deal with multinational companies. Eucalyptus poles are in great demand in Ethiopia, and growers are learning how to benefit from this by forming cooperatives and unions to share market prices and sell as a group.

Producer organizations have the clout to encourage expansion into different markets. For example, Nepal's community forests are already well-known for their successful commercialization of non-wood products. However, they could earn more revenue for local groups if more timber could be sold, and smallholders' organizations are aiming to improve harvesting efficiency and establish a sawmill to process logs and add value.

Taking action

Forest producer organizations might ask themselves what they and their members want for the future. With strong internal capacities and networks, organizations can catalyse equitable progress for their members through supportive policies and economic development.

Looking at the various reasons for success, some of them are within the capacities of forest producer groups to influence. These include strong governance, providing useful services to members and protecting their forests. But some, such as a country's legal framework, broad economic conditions and long-term government support, rely on decisions made by other actors. It is hoped that the narratives presented in this report will encourage the pursuit of an enabling environment so that forest producer groups can influence these political decisions and thus realize their potential.

Specific action would be to encourage existing farmer organizations to broaden their scope to include forestry, as seen in some of the examples presented here. In many parts of the world the distinction between farming and forestry is blurred. Agricultural organizations are therefore well placed to help their members to develop forestry enterprises. They might require support to improve their management capacities and technical expertise, but could build on existing strengths in terms of local credibility and organizational cohesion.

Introduction and background

'Forests and trees on farms are a direct source of food, energy, and cash income for more than a billion of the world's poorest people. At the same time, forests trap carbon and mitigate climate change, maintain water and soil health, and prevent desertification. The sustainable management of forests offers multiple benefits – with the right programs and policies, forestry can lead the way towards more sustainable, greener economies.'

Eduardo Rojas-Briales, Assistant Director-General,
Forestry Department, FAO.
June 2012.

Given the undeniable benefits of healthy forests to the global economy, environment and climate, it is important to consider the best ways of managing forest resources. Governments and big business do not have an unblemished track record in sustainable forest management, so attention is turning towards local control of forests.¹ Where people are given clear, formal rights to benefit from a forest, they have a vested interest in long-term management. Locally controlled forestry thus addresses environmental concerns and can be an effective way of slowing or avoiding deforestation and forest degradation. But what is the best way to achieve and manage local control? One possibility is for those living at the agriculture-forestry frontier in developing countries to join or form forest producer groups. This collective approach gives individual forest producers strength in numbers and the chance to be agents of their own economic development.

Collective action is a mainstream concept: throughout the world, smallholders benefit significantly from belonging to cooperatives or producer organizations. Membership of a well functioning group gives them better access to markets, a stronger bargaining position, links to extension services and a voice in policy development. The key phrase here is 'well functioning'. Income is the main motivation that drives poor farmers to join forest producer organizations. Unless and until these organizations function well enough to offer financial benefits to their members, smallholders will choose to leave and the groups will become inactive. Conversely, there is vast potential when organizations

become strong enough to develop market access and other services for their members. Such groups can have wide and increasing outreach among rural populations, and may well provide the way in which such people can benefit from national and global schemes focusing on sustainable forestry and mitigating climate change.

Forest producer organizations support their members in various ways, but in the framework of this report they are divided into two broad areas, advocacy and policy-making, and developing business opportunities. Advocacy entails lobbying for a favourable policy framework and speaking up for small producers. Developing business opportunities encompasses service-provision (such as training, microcredit, competitively priced and readily available inputs and extension services) and improving market access.

This document presents a set of current examples of forest producer organizations that are already playing a significant role in forest management. The aim is to raise awareness and provoke discussion among service providers and the policy makers responsible for setting frameworks in which producer organizations can flourish.

Cases have been chosen from a selective literature review to show a range of benefits and some potential pitfalls: no attempt has been made to provide an exhaustive catalogue. Some examples are explored in more detail, others are presented as simple narratives.² Some show the results of long-established practice, whereas others report early successes or possibilities. Several examples are from the Nordic countries, where traditional, small-scale family forestry - supported by effective producer groups - provides timber for industry while maintaining public access and environmental benefits. Cases from China show how organizations have reacted to the opportunities presented by land tenure reform. Other examples are from developing countries where, despite many challenges, forest producer groups have improved the livelihoods of their members as well as protecting forest cover. Both 'protection' and 'production' forests are featured. Some cases involve trees growing outside traditional forests, such as in small woodlots, along field boundaries and in agroforestry systems.

1 International Institute for Environment and Development (IIED). (2012). *Big ideas in development: Investing in locally controlled forestry.*

2 Sources are given in footnotes for each case.



After a brief background section that also touches on the enabling environment, and access and tenure rights, the cases are presented in four sections.

The first looks at organizational strength and inclusiveness, because internal capacity is vital if a group is to flourish in the longer term. The second shows how strong organizations form networks (external capacity) to help provide services to members. The third highlights examples of organizations speaking out on behalf of their members in lobbying and policy-making roles. The fourth shows how business opportunities are enhanced by collective action. A concluding section considers ways in which forest producer organizations can be encouraged and supported to become more effective.

What is a forest producer organization?

Forest producer organizations vary widely in size and institutional form. In this document, the term includes informal groups, community user groups, tree growers' associations, forest owners' associations, cooperatives and companies. Examples encompass both private and community forestry, and they cover different forest products (both timber and non-wood forest products) and services. They range from small community-based groups of individuals to large umbrella groups and federations that represent many smaller organizations.

Some agricultural organizations are broadening their scope and starting to offer services to small-scale tree growers and non-timber forest product entrepreneurs: it makes sense for such organizations to do this, given that many small farmers are also forest producers, and that a good farmers' organization is already a functioning democratic entity based on service-provision.

Background

More than a decade ago, a global trend was noted away from industrial forestry towards landholder-based forest management and community forestry. This was particularly the case in developing countries, where community forestry and small-scale (often referred to as 'smallholder') forestry was seen to be growing more important.³ Small-scale forestry has multiple objectives

(economic, social, cultural and environmental) that vary with individual producers.⁴ Such producers enjoy the wide range of goods that woodland can provide and often value the non-wood benefits above all others.

The wealth of forests – timber and non-timber forest products

Forests provide timber for building, fuel-wood, fruit, bark, leaves, bush-meat, tubers, fungi, medicinal plants, and other raw materials for making such diverse items as leaf plates, furniture, twig brooms and fuel briquettes. To those living nearby, they are also a source of jobs and income.

Many of the non-timber forest products listed above are important for subsistence and they can also form the basis of various forest-based enterprises.

Most people living in rural areas of developing countries are, by necessity, farmers. Forestry activities provide a means of increasing family income and encouraging them to plan for the future. Trees planted during the 'quieter' parts of the farming year gradually acquire value as they mature, providing insurance against financial shocks and perhaps providing a pension. The long-term nature of forest investment encourages growers to look ahead and think carefully about their farm and forest enterprises. A flow of income from on-farm trees gives farmers an incentive to stay put and abandon the environmentally unsound practice of shifting cultivation. And there are various aspects of forestry production, such as seed collection, nursery production, fruit collection and tending young trees, which can provide income, particularly to women.

It is hard, though, for small forest producers to realize these benefits without belonging to an organization of fellow-producers. For example, his or her timber crop (or non-wood forest product) might be too small to be worth the transport cost to a processing depot, but the combined output of a group is a different matter. Buyers might also be more interested in obtaining supplies from a group source because the combined production of many growers is likely to be reliable and more economical to collect.

Group action is particularly important in the certification of timber. As individuals, smallholders are effectively excluded from international markets, because

³ *Small-scale Forest Economics, Management and Policy*, 1(1): 1–11, 2002 http://espace.library.uq.edu.au/eserv.php?pid=UQ:8713&dsID=No1__Harrison_et.pdf

⁴ http://www.gozdis.si/ssfett2010/pdf/P3_3_Herbohn.pdf

buyers needing to comply with legislation such as the EU Timber Regulation or the US Lacey Act to prove timber legality consider that engaging with smallholders is too complex and instead turn to big players who can more easily be legally verified.⁵ Forest producer organizations can engage in voluntary certification schemes such as those of the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC), which allow smallholders to distinguish themselves from illegal loggers. Forest producer organizations can also participate in the discussions on and subsequent implementation of the bilateral Voluntary Partnership Agreements (VPAs) with the European Union under their Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan.⁶

As forests also provide a range of environmental services (ranging from soil improvement, watershed and riverbank protection, to acting as significant carbon sinks), ways are being sought to monetize such services so that local people who protect the forest can be fairly recompensed. These include payment for environmental services (PES), carbon credits of various kinds, and initiatives under the Reducing Emissions by Deforestation and Forest Degradation (REDD). Again, producer organizations have a role in bringing groups together and reducing the transaction costs of administering such schemes.

An enabling environment for small forest producers

Forest management and, in particular, planting trees is an investment that sees little return in the first few years. It is difficult for farmers operating close to subsistence to afford the extra cash needed at this time. Although some non-timber forest products can be harvested at regular intervals to provide a trickle of income, a timber crop takes years to mature. Tiding growers over the lean years before the first harvest is one of the greatest challenges in encouraging more formal forestry activities. Producer organizations can help provide that support via links to credit facilities, or by giving advice and training on alternative (interim) sources of income.

Small enterprises need business development services, financial services, information on prices and markets, and technical support. These can all be provided by (or accessed through) producer organizations. But the organizations themselves rely on an enabling policy environment that recognizes them as legal entities.

An administrative system that offers advantages such as one-stop-shops for harvesting permission, favourable tax regimes or other incentives to producer organizations is also beneficial. A further element of an enabling environment is the existence of formal means of dialogue with policy-makers.

Some countries have national institutions to support producer organizations. In India, for example, the National Cooperative Development Corporation (NCDC) was established 50 years ago to encourage federations under the cooperative movement. Entities such as Nepal's Federation of Community Forest Users (FECOFUN) formalise networks of forest producers and contribute to the policy process as well as to the protection of forest producers' rights.

Producer organizations and their members in developing countries clearly face more challenges than do their counterparts in the developed world. Forming and maintaining well-functioning groups requires leaders who have a complex set of experiences and skills. There may be social barriers to women taking leadership roles, despite their contributions as producers in their own right. Financial and business development services may hardly exist in some places far from cities, and enabling policies that favour the establishment of producer organizations may be lacking.

Given these various challenges, it appears that external support, whether from government, NGOs or development partners, is a vital part of the enabling environment. External agencies can improve the technical and financial capacity of a producer group. They can nudge organizations towards better-balanced gender politics and a greater role for women. But these benefits carry certain risks, such as a culture of dependency or too close an alliance with a political party. Research into forest-based associations in India suggests that community-based organizations tend to have more external support than industry-based groups. But benefits to the wider community are not the exclusive domain of community-based organizations. Commercially-based groups bring beneficial effects too, such as creating jobs, promoting farm

5 Tft (2012). *Sustainable Community Forestry Management: a practical guide to FSC group certification for smallholder agroforesters*.

6 Under the terms of a VPA, a country agrees with the EU to implement a timber licensing system. The EU will only accept FLEGT-licensed products from that country: unlicensed products will be refused customs clearance. The aim is to prevent illegal products from entering the EU market.

forestry as a source of raw materials, and contributing funds to local appeals when necessary.⁷

A further element of an enabling environment is the availability of good information, data and analysis, and its wide dissemination. Up-to-date knowledge is vital if individual producers and their organizations are to make informed decisions on what and how to grow, based on future markets and trends in demand. FAO plays a significant role in disseminating good practices and experiences, such as via the Forest Connect network.⁸

Access and tenure

'How people, communities and others gain access to land, fisheries and forests is defined and regulated by societies through systems of tenure. These tenure systems determine who can use which resources, for how long, and under what conditions. The systems may be based on written policies and laws, as well as on unwritten customs and practices. Tenure systems increasingly face stress as the world's growing population requires food security, and as environmental degradation and climate change reduce the availability of land, fisheries and forests. Inadequate and insecure tenure rights increase vulnerability, hunger and poverty, and can lead to conflict and environmental degradation when competing users fight for control of these resources.'

Preface to Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security Committee on Food Security, May 2012. FAO.

⁷ Bose, S., Lal, P., Pareek, P.S., Verma, M. and Saigal, S. (2006). *Forest-based associations in India: An overview*. IIED Small and Medium Forest Enterprise Series No. 18. International Institute for Environment and Development, Edinburgh, UK.

⁸ <http://forestconnect.ning.com/>

The inescapable question of land tenure and resource rights over forest land has to be addressed. Without secure tenure, or having usage rights enshrined in a well-considered legal and policy framework, small-scale forest producers are unlikely to make the long-term investments (in time, effort and opportunity cost) that forestry requires. On the other hand, where they are confident that rights are safeguarded, local people are keen to take positive steps to preserve the standing forest that provides such a wealth of benefits.

Land rights are complex, with various models of land ownership seen in different parts of the world. In some cases, local people have management and production rights but not property rights. Tenure arrangements are also subject to change - China has been reforming its forest tenure system for decades, and Vietnam is handing over state land to smallholders on 50-year leases. Other parts of the world with long traditions of democracy and freehold over land may have regulations to ensure that local control of forests comes with obligations of stewardship. More than half of Sweden's forest is owned and managed by smallholders, but the law says that forests are public goods, so owners need permission to fell trees and they must then replant. This policy has been effective, doubling the standing volume on land that was badly degraded a century ago.

Whatever model of tenure is adopted, the important point is that rights over forest land and resources should be bound by clear legislation that is fair (balancing rights with responsibilities) and transparent. Women's rights are important here: even though women's use of forest resources may traditionally differ from men's, their roles as producers, beneficiaries and decision-makers must be given equal weight. Where this is not the case, forest producer organizations have an important role in lobbying for change, giving voice to groups who otherwise are easily marginalized, and making sure their rights are upheld.



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1: Developing organizational strength

Forest producer organizations can be highly effective agents of poverty reduction via their advocacy and economic roles (as shown in sections 3 and 4 of this report). They can also help to empower women if they deliberately include women in their management team and encourage women to attend and contribute to meetings. In order to do this, an organization needs a clear sense of purpose and a sound institutional structure. Strength has several components:

- Firm, charismatic leadership - hard to quantify, easier to recognize;
- A broad membership base, encompassing a substantial proportion of the forest users (both women and men) in the area of operation;
- Keen, active members, who attend meetings, take part in decision-making and pull their weight;
- Good governance with democratic procedures, women in leadership positions and transparent accounting.

There are other key factors too: a strong degree of autonomy; leaders committed to social aims; procedures that adapt to changing circumstances; a focus restricted to a few long-term issues; sanctions for free riders or those that break rules, and clear procedures for resolving conflicts.⁹

Some forest producer organizations are formed specifically to provide a lobbying platform. Others are established to give better access to markets and market information, or to provide particular services to their members. Whatever the original reason for formation, organizations may change the focus of their activities as required by their membership. Providing tangible benefits (income) to members is an overriding necessity, so the examples below focus on the various ways organizations can serve and engage their members.

⁹ Macqueen, D.J. (undated). *The role of small and medium forest enterprise associations in reducing poverty*. International Institute for Environment and Development (IIED), Natural Resources Group, Scotland.

Associations underpin sustainable family forestry – Finland

Finland has a great deal of forest (covering 75 percent of the total land area), and the standing volume of timber is increasing.¹⁰ There is a long tradition of private forest ownership, and families own 62 percent of the forest land. Despite the great number of individual owners (more than 730,000) and an average holding of only 30 ha, Finnish forestry is thriving. The forests provide raw materials for industry and a source of energy as well as many other benefits, including biodiversity, employment, space for recreation, carbon stocks, and soil and water protection. Ninety-five percent of forests are certified as sustainable under a national scheme recognised by the Programme for the Endorsement of Forest Certification (PEFC).

The well-being created by forests reaches all sections of society, and forest activities bring considerable local income and employment. Income from forestry is accumulated in rural areas, and rural roads and services also benefit. Other benefits are less easily valued in monetary terms, but more than half of working-age people pick wild berries and mushrooms, and most take exercise (walking, skiing, cycling etc.) in the woods.

Institutional arrangements

This notable success stems from well established management systems that yield high quality timber without compromising biodiversity. It is made possible by long-established forest management associations, which provide a complete range of support services to help small owners make the most of their forest holdings. Most private owners are members of these associations. This support is particularly important for the new generation of family foresters, many of whom work in towns and cities, and have less working knowledge of forestry than their parents (even though the tradition of recreational use of the forest is as strong as ever).¹¹ Trees grow relatively slowly in these northern forests and rotations are typically 60-120 years. Producing high quality timber for industry requires regular maintenance of the growing crop. Planting, weeding and thinning must be done at the right time of year to a high standard, and when trees are harvested the operation must not damage the standing trees. Weekend foresters would not be able to

manage their woodland without the comprehensive support of their associations.

Forest management associations are governed and totally financed by forest owners. The law allows them to receive management fees from forest owners, and these fees represent about 15 percent of an association's income. Payment of this management fee brings automatic membership of the association unless a forest owner opts out. Almost all (80-90 percent) timber production activities in private forests are carried out by forest management associations. They also do the preliminary planning of 75 percent of timber sales. More than 40 percent of timber sold is done by associations on behalf of owners, who delegate the task by giving power of attorney to the association.

It is hard to overstate the importance and value of Finland's 96 forest management associations. Between them they represent 633,000 forest owners and 320,000 individual holdings. They have a network of forestry professionals and contractors throughout the country to help the forest owners increase the value of their woodland. Associations are in turn members of eight regional forest owners' unions, which promote private forestry and protect owners' interests. They also develop the activities of the associations and foster cooperation between forest owners, as well as helping to market forest products.

At the top of the pyramid is the Central Union of Agricultural Producers and Forest Owners (MTK) with its Forestry Council. MTK helps private owners by providing information on wood markets and prices. It also influences forest policy and is involved with the operation of regional forest owners' unions and local forest management associations. In recognition of the many complementary (sometimes conflicting) uses of forest land, owners can participate in land use planning via their local management associations and owners' unions when local, regional and national plans are being formulated.

MTK's first biodiversity project began in 1995 and the current Sustainable Family Forestry Programme is an updated version of the original. Within this broader framework, forestry is still viewed as primarily an economic activity, with wood and service production driven by demand.¹²

The concept of family forestry is complex, in the sense that it aims to optimise timber production without losing the forest's values for biodiversity conservation

¹⁰ www.nordicforestry.org/facts/finland.asp

¹¹ In 1971, 75 percent of forests were owned by farmers; by 2011 80 percent are owned by non-farmers.

¹² MTK (2006). *Sustainable Family Forestry Programme*.



and recreational use. But it is simple in that the overall aim is to hand the forest resource on to the next generation in a flourishing condition. Family forestry also places great emphasis on the benefits to wider society of open forest access. Plots are not fenced, and the general public has a right to enjoy woodland areas. There are no restrictions on collecting mushrooms and wild berries on other people's land, as long as this is done only occasionally and without causing nuisance. These 'everyman's rights' must yield to the forest owner's wish to carry out legal silvicultural operations.

Keys to success

- There are strong, clear land tenure rights and a long tradition of private forest ownership.
- Forest organizations (in this case called forest management associations) were set up by forest owners themselves.
- Forest management associations are run democratically and completely financed by forest owners.
- There is wide membership, attracted by the comprehensive range of services that provide solid protection of forest owners' rights and interests.
- The enabling environment - sound national legislation protects forests while allowing open access, and well developed forest industries provide ready markets for timber.

Village groups make good use of forest ownership rights - Gambia

Gambia is one of the smallest and least developed countries in Africa. Forty-three percent of its land area is forest, but 78 percent of the forest is severely degraded. In an attempt to stem deforestation and increasing rural poverty in the 1990s, the Gambian Forestry Act transferred ownership rights to villagers and allowed them to benefit from the forest.

Institutional arrangements

The community forestry approach encourages local groups to manage their own forest resources, supported by forest department and NGO staff. After a 'probation' period, communities have exclusive use of their forest, according to an agreed five-year plan which focuses on fire protection, enrichment planting and sustainable use of forest products. At this point the community is ready to embark on the Market Analysis and Development (MA&D) process.¹³ This approach

identifies forest products that could be commercialized and develops markets for them. Individual and community revenues are increased and people are encouraged to protect forest resources in a participatory way.

Once the products have been selected, group members form interest groups around the potential enterprises. Community members with management experience, a good level of education, or respect within the community are particularly encouraged to join the groups. Forty percent of the enterprise net benefits have to be reinvested in the community forest - the remaining 60 percent go towards community or village development. Communities also receive 50 percent of all fines collected for infringing community forest rules.

What has changed?

Communities have been able to improve their facilities from the income generated through 72 small businesses. The money has been spent on various items and activities: vehicles for local transport, places of worship, small loans to individuals setting up small businesses, electrification, clean water, vaccination of livestock, road maintenance, schools, farm inputs and the like.

In the 26 villages using MA&D, 11 products (including fuelwood, timber, honey, palm oil and handicrafts) are being marketed effectively, giving increased household income. Particular money-spinners included ecotourism activities, handicraft production, branch firewood and honey. Natural resources are being protected now that people see clear economic benefit from using the forests carefully. Attitudes towards the forest have improved, and villagers are especially careful not to cause damaging fires.

Women are particularly involved in small-scale activities such as selling branch firewood, fruit, herbs and leaves. These products are relatively low-value but provide important sources of income. Women are also becoming involved in making decisions and are taking positions of responsibility on community forestry committees.

A final point is that Gambia's National Forestry Fund benefits from community forestry too. Revenue from the sale of forest products is subject to a 15 percent tax, and this income contributes towards forest department spending on transport, training and equipment.

¹³ FAO and IFAD (2012). *Good Practices in Building Innovative Rural Institutions to Increase Food Security: Case Studies*.

Keys to success

- Activities are locally driven. Action plans are drawn up by village development committees themselves, and everyone joins in activities and decision making.
- Proceeds from the sale of forest products and services are collected, held and spent transparently, and a proportion is reinvested in the community forest.
- Women have positions of responsibility in the community forestry committees.
- A multi-stakeholder approach brings together many individuals and institutions (village entrepreneurs, labourers and transport providers, the forest department, NGOs and the municipal council). Good partnerships have also been established with related socioeconomic actors.¹⁴
- Support - both technical and financial - from donors for training workshops. Donors also supported village meetings, and the preparation of training materials in local languages and for those who could not read.
- A broadly enabling market environment: there is increasing demand for handicraft products, and parts of the tourism industry actively support community-based enterprises where possible.
- Long-term government promotion of community forestry. Legislation supports the local management of forest resources, and land tenure and regulations on land use are clearly defined.

Regrouping after political reform - Eastern Europe

Following political reform in Eastern Europe, land was restored to previous owners or their descendants. Some forests were fragmented into small plots whose owners had little or no knowledge of forestry. Owners found them hard to manage not only because of their lack of experience, but also because each plot generates only a small income and timber harvests are infrequent. The new owners urgently needed support services and institutions to help them manage their forest assets, reduce their transaction costs and realize economies of scale. In response to this demand for support, organizations of forest owners were created: some to represent forest owners through the restitution process, some for political representation, while others were established for business cooperation.¹⁵

¹⁴ For instance, the working partnership between the National Beekeepers' Association of the Gambia and the Jamorai Timber and Firewood Federation.

¹⁵ Weiss, G., I. Guduri & B. Wolfslehner (2012). Review of forest owners' organizations in selected Eastern European countries. *Forestry Policy and Institutions Working Paper 30*. FAO, Rome.

Institutional arrangements

In these countries (the Czech Republic, Hungary, Latvia, Lithuania, Romania and Slovakia), there is a long tradition of joint forest ownership. Although arrangements - whereby peasants who used or managed State or large landowners' forests had various user rights - were lost during the communist era, the legacy of traditional values has been useful when establishing modern organizations.

Small organizations created for business cooperation gradually developed more functions. After setting up services for market support, technical information and business services, they tended to move into the policy and advocacy arena. Similarly, those formed to give political representation later began offering management services. Most organizations draw their membership from a particular geographical area or a specific type of owner (such as municipal, church and private forests). Others bring together timber harvesting interests or other forest entrepreneurs. Umbrella organizations have been established, mainly to represent members' political interests.

The communist history of Eastern Europe has hindered organizational development, as one political legacy of the former regime is a mistrust of cooperative ventures, particularly those promoted by the state. It is also difficult to establish democratically run organizations where democracy itself is in early stages of development.

What has changed?

Forest owners perceive that forest management planning and the logistics of forestry operations have improved because of activities of the organizations. They also report better market conditions for selling timber. Many organizations had developed extra services besides the one that prompted initial formation, and the range they could offer appeared to influence their effectiveness.

Services to members included education and training, marketing of wood and non-wood products, forest management planning, forest management and product processing, 'green' certification, forest insurance, obtaining financial support and membership of international networks.

Keys to success

- Developing member-only services to give incentives to join and maintain membership. Success also depended on broadening the range of services on offer.

- Systemic support measures, including a legal framework that recognises joint ownership and management; financial support or subsidies; and awareness-raising and networking.
- Direct government support in providing advisory services.
- Being created around a single unifying feature, either a geographical area or a particular form of ownership.
- Having charismatic leaders.

Strong user groups serving members and the wider community – Nepal

Community forestry in Nepal has been a success story, helping to conserve and re-establish forests while providing livelihoods for people living nearby.

Institutional arrangements

Since 1993, local forest-dependent communities across Nepal have been able to take control of what was previously State forest. Legally recognised as community forest user groups, they have been granted rights to use, manage and market forest products on the basis of approved management plans and constitutions. These rights have enabled them to generate a wide range of livelihoods benefits from the forest, while conserving it and preventing further deforestation. In 2009 there were more than 15,000 user groups representing approximately 40 percent of Nepal's population, managing about 25 percent of the country's forest area.

What has changed?

Many development partners have supported Nepal in its community forestry initiatives. Community forest user groups can now be seen as far more than 'merely' forestry organizations. Being resource-rich and socially-viable local institutions, they are able to serve the wider community as well as their members.¹⁶ In a country where democracy itself is in its infancy, community forest user groups provide a good model of democracy in action.

Household income of user group members increased by 61 percent between 2003 and 2008. The proportion of people living below the economic poverty line fell from 65 percent to 28 percent over the same five years. User groups place special attention on supporting poor families, such as by allocating unmanaged or unused land

¹⁶ *Livelihoods and Forestry Programme (2009). Community Forestry in Nepal: promoting livelihoods, community development and the environment.*

to them, or by offering training to improve job prospects. Especially disadvantaged groups such as dalits (members of the lowest caste) and women might be given free membership of a user group, or be allocated funds set aside for such a purpose. And there are special programmes for disabled people.

Community forest groups use their forests not only to fulfil subsistence needs, but also to generate funds from product sales. Further cash is raised from membership fees, levies, entry fees and fines. User groups continued their wide range of community activities even during times of political instability (the Maoist uprising) and lack of effective government. They contribute towards improving the local infrastructure, including roads, bridges, small-scale irrigation canals and ponds, river bank strengthening, drinking water and sanitation systems, and community buildings and offices. They also offer educational support to schools and in terms of adult education.

The list of improvements to the lives and livelihoods of very poor people that have resulted from well established community forest user groups is long. However, it should be mentioned that savings and credit schemes are also part of the picture, as is a huge range of forest enterprises, many based on a variety of non-timber forest products ranging from medicinal plants to plates made from leaves. In the Rapti region alone, more than 14,000 people (94 percent of them poor) are involved in forest-based micro-enterprises. Ecotourism also plays a part, with tourists eager to visit this spectacular part of the world and enjoy a glimpse of Nepali life via home stays or guided walks.

Community forestry was developed to reverse the loss of forest in the 1970s. It has succeeded in this aim, with more than two-thirds of the community forests now in good ecological condition. More than 93 percent of user groups said that their forests were in better health now than at the start of community forestry.

Local people use various measures to protect and revitalise community forest. Controlled grazing, fire prevention and forest patrols all play a part. Regulations covering tree felling and the collection of non-timber forest products have also been important, together with enrichment planting. Many individuals have been trained in silviculture, nursery production, fire protection and agroforestry. Local nurseries now produce millions of tree seedlings suitable for timber, fodder and other products every year.

Turning to issues of climate change and environmental services, curbing deforestation and forest degradation is one of the most cost-effective ways to mitigate climate change. Rural dwellers who have diversified livelihoods are less vulnerable to unpredictable weather patterns. Nepal's forest user groups are proving successful in both of these important areas. They are constantly seeking new ways of making the most of scarce fuel resources, such as by using improved stoves, making charcoal briquettes from weedy species such as *Lantana camara*, and exploring possibilities of rural electrification from hydro-power. The possibilities of biogas and solar energy are also being examined. Support for these initiatives is provided by the Asia Network for Sustainable Agriculture and Bioresources (ANSAB), which is also a Forest Connect partner (see box below).

Overall, then, community forest user groups set a good example of what can be achieved by concerted efforts over several decades. The next step could be for Nepal's user groups, where appropriate, to move towards commercial timber production rather than focusing exclusively on protecting the forest. This is explored in section 4 below.

Keys to success

- Clear need for action (imminent ecological disaster of uncontrolled deforestation).
- Legal framework for community user groups and support from ANSAB.
- Long-term support by range of development partners.

Forest Connect

An existing support mechanism for small forest producers is an initiative called Forest Connect. This international alliance, established in 2007 following discussions in Costa Rica between FAO and the International Institute for Environment and Development (IIED), was set up specifically to tackle the isolation of small forest enterprises.

Its aims are 'to avoid deforestation and reduce poverty by better linking sustainable small forest enterprises to each other, to markets, to service providers and to policy processes such as National Forest Programmes.'¹⁷

Group facilitates access to markets and loans – China

Xiaozhuang village in Zhejiang Province has a population of about 500 in 133 households. Village land is predominantly forest with only a small area of cultivated land; many inhabitants derive their income from harvesting bamboo shoots and mushrooms from the forest.

The Xiaozhuang Bamboo Shoot Cooperative was founded in 2007 by the manager of the local food processing factory.¹⁸ Initially there were only five 'funding' members and 132 others - by 2009 the 'non-funding' membership had grown to more than 2,000. The coop buys bamboo shoots, fruit, vegetables and mushrooms from members to process, store, transport and sell. It has adopted a brand, which is important for marketing and consumer recognition. Members have a purchasing agreement with the coop, which includes quality standards for all produce. The agreement is not symmetrical - producers are free to sell to other buyers if they wish, but the cooperative is bound to buy produce (as long as it meets the standards) from members.

The most valuable benefit to members is a better access to loans. A prerequisite for a loan is passing a forest tenure appraisal carried out by the forest department and financial institutions. Being a member of a coop (such as this one) that practises good forest management and protection gives a higher appraisal and a better loan. The coop had other positive impacts. Jobs have been created, giving a more stable income for some. The village has gained higher profile in the eyes of local government so benefited from infrastructure improvements such as better roads.

Sharing the task of forest protection – China

Dacao village in Jiangxi province relies heavily on income from its forests (mainly timber, bamboo and bamboo products). More than half of its 750-strong population are labourers. Forest farmers have been managing their land independently since forest tenure reform, but they struggle to deal as individuals with three challenges: fire, theft, and the effects of pests and diseases.

17 IIED (2012). *A facilitator's toolkit. Forest Connect.*

18 FAO (2011). *Testing research report on forest farmer cooperatives in Longquan, Zhejiang for Forest Connect Toolkit.*



Their solution has been to form a civil mutual aid organization focusing on the three challenges (called a ‘three-prevention’ association), which was registered with the local authorities as a corporate body in June 2006. The association publicises the problems of forest protection and has sent members on relevant training courses. There are daily forest patrols.

Dacao’s association was the first of its type to be established in the province and it provides a working example for other villages wanting to set up similar groups. Cooperation has also been established with other ‘three-prevention’ associations.

Limitations

The association works because farmers are willing to cooperate to reduce losses from their valuable forest. It also has effective regulations, democratic management, and support from the government (in the form of grants to buy fire protection equipment etc.). But there are limitations in capital and technology, and the patrols are done by a limited labour force. Control methods for pests and diseases are not up to modern standards, and it continues to be difficult to prevent theft from the forest. If these drawbacks are not overcome and members do not see better overall forest protection, they might be less willing to pay their membership fees.

Group strength beats wind erosion – Romania

Romania, in common with several countries that were formerly part of the Soviet bloc, went through a tricky transition period when the communist regime ended. In 1991 there was a fiasco in the restitution process, when forest was being restored to former owners in tiny plots (maximum 1 ha). With no legal framework to guide the new private owners, about 65,000 ha of forest was cut to raise cash, leaving vast areas of deforestation.

Marsani, in southwestern Romania, suffered particularly badly. Its sandy soils had, during the Communist era, been stabilized against wind erosion with *Robinia pseudacacia*, irrigated agriculture and shelter belts. Once the trees were cut down, erosion began again and there was urgent need to protect the soil. A project between the Romanian government and the World Bank began in 2006 to create pilot forest owners associations. Marsani was one of the areas that benefited.¹⁹

19 Weiss, G. et al. (2012). *Success Cases and Good Practices of Forest Owners’ Organizations in Eastern European Countries Draft Report*. European Forest Institute.

There was much local resistance at first - the new forest owners feared an increase in taxes and more legal obligations, possibly even re-nationalisation. But their concern for the environment overcame these fears, and good cooperation with local government meant that the Renasterea Padurii Marsani association came into being. Another incentive was that, as a group, they could access funds for new planting from the national land reclamation fund, set up in 1992. The group owns about 6,000 ha of forest and employs forest rangers and engineers to monitor illegal logging and carry out silvicultural operations.

Marsani created its own private forest district in 2010. It is not yet very efficient in forest management, but it has proved effective at increasing social responsibility and capacity building. Local owners are aware of their environmental responsibility, and of how proper forest management can provide this. Owners now pay a lower administration fee to the state, and value added tax is not applicable as forest-related services are provided internally by the association. Marsani has also become a pilot area for testing trees suitable for planting on extreme sites.

Strength and weakness of a capable leader – China

A retired military leader is the guiding force behind the Lisiling hazelnut professional cooperative in Xinghua village, Liaoning Province. Coming back to his home village at the end of his career, Li Shoufa wanted to improve local livelihoods. This was not easy, given that more than two-thirds of village lands are mountainous and only 10 percent is suitable for agricultural crops. Poplar and other commercial timber species do not thrive, but wild hazelnut (*Corylus* sp.) abounds locally and there is a good market for the nutritious nuts.²⁰

So Li Shoufa encouraged villagers to join him in planting more hazel trees, and by 2006 was earning substantial amounts selling hazelnuts. In March 2008 he registered the Lisiling Hazelnut Professional Cooperative and established it with a board of directors and supervisory board. Farmers joined voluntarily, with a view to doing business independently and taking responsibility for their own profits or losses. The Lisiling Hazelnut Association was established the following year, to promote the coop. By 2010, the coop’s registered capital had quadrupled.

20 FAO draft report (2012). *Success Cases and Good Practice of Forest Farmer Cooperative Organizations in China*.

Production was established on more than 600 ha, and the operating model followed the so-called 'five-unified' approach: production, collection, processing, marketing and management were carried out jointly for maximum efficiency. The coop held seminars on nut production and planting skills, and the bulk of the inputs were allocated by the coop to ensure full control. The system was further refined by the addition of beef cattle to graze among the nut trees. Farmers' incomes have risen more than tenfold as a result of these activities.

An important part of the success stems from a focus on branding and energetic marketing. The Lisiling hazelnut brand was registered in 2004, a chain of stores was set up, and Lisiling is now a regional brand. Lisiling hazelnuts are now recognised as a 'China Green Food', and have won medals at various food fairs.

Pitfalls ahead?

Having been set up as a farmers' forestry professional cooperative, the Lisiling hazelnut coop is subject to specific legislation that ensures sound institutional practices. It is working in a favourable business environment where hazelnuts are an expensive commodity with plenty of demand. With the focus on building the brand and ensuring competitive production, the coop has improved the incomes of its members. In future, the coop will have to develop a broader leadership base so that progress can continue after Li Shoufa's second retirement.

Early days for Huarango producer groups - Ecuador

In the poor agricultural province of Chimborazo, local partners²¹ are being supported to encourage farmers to plant the nitrogen-fixing small tree huarango (*Acacia aroma* var. *huarango*) and to form producer groups under the national producers' organization, CON-PROG.²² One of the aims is to get more added value for the growers, and this depends on bringing them together to benefit from economies of scale.

Huarango is a good long-term investment, as the tree yields a variety of products. Apart from its environmental value as a drought-tolerant nitrogen-fixer and soil stabiliser, the wood makes a good fuel. Despite its spreading habit, the tree can be used in an agroforestry enterprise, interplanted with annual crops such

as maize and beans. Its seeds contain gum that can be used as a basic raw material for the food industry. And the crushed seeds produce tannin, used in the leather industry.

In 2009 there were 40 active huarango growers. Two years later, the number had increased to almost 120, about two-thirds of them women. They have come together in five informal groups which have been supported by the local partner to meet regularly and elect boards of directors. The groups have benefited from observation tours and workshops to share experiences of growing huarango. The elected leaders will, in time, participate in a leadership course, and steps are being taken to register the groups with government authorities. Once they are legally constituted and recognised by the state, it will be possible to build a stronger provincial organization that will influence policy and attract state support.

It takes three to four years before the huarango can be harvested for the first time, so this initiative is in its infancy. But there are hopes that joint tree-planting and collective marketing will provide jobs, income and new dynamism to this impoverished area.

Charcoal: a commodity in need of producer groups? – Malawi

Only 4 percent of Malawian households are connected to national grid. Even in towns, only 10 percent of homes use electricity for cooking. Instead they use charcoal, which is light to transport, relatively cheap and readily available. It has been suggested that trade in charcoal might be as valuable as the tea or sugar industries in Malawi.²³ However, the true figures are not known, because most charcoal production is illegal.²⁴ Producer organizations could give structure to an industry that is largely anarchic at present. And a structured industry would pay its way in terms of government taxes.

Bearing in mind the adage, 'The forest stays if the forest pays,' allowing local people to make legal income from woodland could conserve the forest at the same time as driving economic development.²⁵ Charcoal is in steady demand, so presents a good business opportunity for small forest enterprises. As moving from

21 Biorecolte, an NGO that focuses on agro-forestry.

22 www.triasngo.be

23 IIED (2007). *Charcoal - the reality: A study of charcoal consumption, trade and production in Malawi*.

24 Charcoal can be produced legally if the producer has a licence from the forest department. But the licence requires a management plan, which is difficult for village committees to devise without help.

25 Forest Governance Learning Group (FGLG.) *Malawi Policy Briefs 1 & 2*.



subsistence to running a small business needs considerable planning and technical support, individuals would do better if they formed producer associations like those described in other cases. Charcoal producer organizations that helped their members to make charcoal legally would be a step towards regulating an activity that currently pays almost no consideration to future sustainability.





2: Creating networks

Forest producer organizations cannot provide everything needed by their members without establishing relationships with other key stakeholders, in the forestry sector and beyond. It is in their interests to build and consolidate strong alliances with other players such as their governments, development partners, the private sector and other civil society organizations. Indeed, evidence collected by IFAD and FAO suggests that relationships are at the heart of success. In order to provide a wide range of services to members, organizations have to develop dense networks of relationships - among small producers themselves, between their organizations, and with markets and policy makers.²⁶

Networking also includes making more formal arrangements. Forest producer organizations need to occupy and formalise strategic positions in market value chains and society at large. Links to research bodies are also important, as access to new technology, best practice and markets will be easier where forestry organizations help to set research priorities. For instance, better agroforestry and conservation farming techniques offer significant potential gains,²⁷ but small producers need clout to counter pressure from large operators who are more interested in research into industrial-scale agriculture and forestry.

To establish and maintain successful partnerships, forest producer organizations must themselves have reached a certain level of internal democracy and professionalism. FAO's Forest and Farm Facility will support the establishment and development of such groups. By helping to create the networks of forest producers essential to the roll-out of climate change adaptation and mitigation programmes, as well as those focused on the illegal logging and timber trade, the Facility will add value to a range of global initiatives.

26 Herbel, D., Crowley, E., Ourabah Haddad, N. and Lee, M. (2012). *Good Practices in Building Innovative Rural Institutions to Increase Food Security*. IFAD and FAO.

27 Pretty, J.N. et al. (2006). *Resource-Conserving Agriculture Increases Yields in Developing Countries*. *Environ. Sci. Technol.*, 2006, 40 (4), pp 1114–1119. <http://pubs.acs.org/doi/full/10.1021/es051670d>

Partnerships to access carbon markets - Kenya

*'If there is a silver lining to the storm cloud of climate change for Africa's small farmers, it is the potential for them to participate in international climate change mitigation markets that have emerged in recent years.'*²⁸

The Kenya Agricultural Carbon Project is showing how groups of smallholders can gain access to the global carbon market. Through partnership with a Swedish NGO (Vi-Agroforestry), groups of farmers will receive payments for greenhouse gas mitigation. The arrangement is based on sustainable land management, with rates of sequestration calculated using a new carbon accounting method.²⁹

Western Kenya has a dense rural population where small-scale agriculture (average plots are less than 1 ha) flourishes between the well-watered slopes of Mount Elgon and the shores of Lake Victoria. The Agricultural Carbon Project is promoting sustainable agricultural land management on about 45,000 ha. The primary aim of more sustainable management - which includes agroforestry as well as other activities (using cover crops, crop rotation, mulching, composting etc.) - is better productivity. Increased yields will improve livelihoods, with the extra income from carbon sequestration being a small but significant bonus.

Institutional arrangements

Vi-Agroforestry is working with registered farmers' groups rather than individual smallholders, as it is not cost effective to measure, report and verify reduced emissions on an individual basis. The groups sign contracts covering the rights and obligations of both parties, and Vi-Agroforestry - on behalf of the farmers - sells the emission reductions to the World Bank BioCarbon Fund. Validation is done by an independent third party, after which most of the revenue will be paid to the farmer groups, with the balance being used to fund advisory services. An Emission Reduction Purchase Agreement was signed between the BioCarbon Fund and Vi-Agroforestry in 2010.

This model of support depends on the existence of a network of farmer's groups so, as well as working with existing cooperatives and organizations, the project

encouraged individuals to come together in groups of 15-30. All groups were supported to become democratic entities with elected leaders and transparent record-keeping. Some farmers were trained as trainers, to disseminate the techniques in sustainable agriculture that are the cornerstone of the initiative. Farmer field schools and agricultural training centres were also established. Small groups that are unable to meet the requirements for a direct contract with Vi-Agroforestry can join an umbrella organization for this purpose.

What has changed?

By January 2012, more than 16,500 households had been made aware of the sustainable land management techniques, and improved management covered 7,000 ha. The method of accounting for reduced emissions under sustainable agricultural land management has been approved by the Verified Carbon Standard. Now that it is in the public domain, the methodology could be used for similar projects.

From the farmers' point of view, the benefits of payment for reduced emissions will be relatively small. More immediate benefits come from increased food security and income from better yields and enterprise development such as selling timber and poles from farm forestry.

Keys to success

- Connections with extension services to provide training in and demonstrations of better land management. Although carbon sequestration is an important aim of this project, growers will only 'buy in' to sustainable agricultural techniques if they gain increased crop yields and food security.
- Wider partnerships between farmer groups and the relevant church and education authorities, because tree planting efforts were encouraged not only on farms but also in public places such as around churches and school buildings.
- An intermediary - in this case Vi-Agroforestry - to provide the links between the World Bank BioCarbon Fund and the farmer groups.

²⁸ USAID (2010). *Institutional Models for Carbon Finance to Mobilize Sustainable Agricultural Development in Africa.*

²⁹ USAID (2010). *Ibid.*



Agroforestry and links to carbon trading – Zambia

Community Markets for Conservation (COMACO) is an organization owned and run by communities in the Luangwa Valley of Zambia. It works with 50,000 farmers and has established the infrastructure, extension services and payment mechanisms needed to bring markets to remote rural communities. One of its conservation agriculture projects is using a nitrogen-fixing tree to increase yields for small farmers. Being decentralized and having many participants, this project is an ideal candidate on which elements of carbon trading can be 'layered'. It shows how an existing organization can reduce transaction costs related to carbon credits and allow individual farmers to benefit.³⁰

Faidherbia albida, also known as winter-thorn, is leafless in the rains, so it does not shade crops during the growing season. Planted at 100 trees per hectare, mature winter-thorn trees supply enough extra nitrogen (and improve the soil's organic matter content by leaf fall) to more than double the yield of maize growing under its canopy. Benefiting from the soil's increasing productivity, farmers are happy to abandon former shifting (slash and burn) agriculture, so carbon emissions are reduced. This reduction in emissions represents a legitimate financial asset that can be monitored, verified and registered.

Bringing smallholders themselves into the monitoring process and reducing transaction costs by group action means that extra income will accrue to them rather than to corporate investors in carbon markets. As with the example of Kenya above, the main incentive to plant winter-thorn is better farming yields. But as soil improvements take a few years to become apparent, and as tree-planting is costly, the small extra income from carbon markets can make the practice more affordable.

Keys to success

- Being able to layer a carbon project onto an existing network reduces monitoring, verification and registration costs.
- Using proven, well-tested agroforestry techniques to improve yields and reduce carbon emissions.

³⁰ USAID (2010) *Institutional Models for Carbon Finance to Mobilize Sustainable Agricultural Development in Africa*.

Forging useful connections – Mexico

CONOSIL, the forest owner's federation in Mexico, was established in 2005. Before it was set up, forest communities (ejidos and comunidades) had only weak, often informal, local cooperatives, despite the fact that private individuals are thought to control about 85 percent of Mexico's forests. About 13 million people, many of them very poor, live in Mexico's forests.³¹ CONOSIL estimated that 2 million potential forest owners could benefit directly from sustainably managed forests, and indirect benefits would reach a greater number. So a three-year project implemented jointly by Finland's Central Union of Agricultural Producers and Forest Owners and CONOSIL has been working to strengthen the capacities of national and local forest owner associations.³²

What has changed?

Forest owner organizations are now functioning better. Individual associations have adopted democratic decision-making and established rules of procedure which involve general assemblies and board meetings. The board of CONOSIL meets regularly and has audited accounts. It has also developed a strategic plan and annual operational plans, and member associations are following suit. Better records of membership at all levels are being kept, and regional working groups have been set up to inventory forest resources. The regional studies are linked with a GIS system so they can be updated periodically at low cost.

Now that the organizations are working better, they have built a range of strong links with institutions and government. There is good cooperation between CONOSIL and the national forest authority (CONAFOR), and forest owner associations are working closely with CONAFOR and the Ministry of Environment and Natural Resources. In some cases their respective offices are in the same premises. This makes it easier to implement government support programmes and make sure that regulations are complied with. At both national and state level, forest owner organizations are liaising actively with related authorities through consultative meetings and by taking part in policy and other forums.

³¹ *There are various estimates on the actual number of people currently inhabiting forest areas. The actual figure may be lower due to rural exodus to urban areas and emigration induced by lack of economic opportunities.*

³² Simula, M. (2012). *Evaluation of the MTK-MFA Support to Forest Owners' Organizations in Mexico 2009-2011*.

Looking more closely at links with government, it is clear that forest owner organizations can provide valuable, cost-efficient services to government in policy implementation. These include:

- Making it easier and cheaper for government to promote sustainable forest management to individual forest owners.
- Controlling illegal harvesting by involving forest owners in forest protection.
- Implementing certification and REDD+ financing schemes through owners' groups, thus reducing transaction costs for the public sector.
- Improving forest fire prevention.
- Combating forest pests and diseases.

Impact on policy development is significant and increasing. For instance, CONOSIL organized a National Forestry Congress in 2011 and is represented in the National Forestry Council. A noted success in policy development was to lobby for the adjustment of tax legislation to give preferential treatment to forestry. A similar argument was made in favour of tax breaks on community forest revenue which is re-invested in local development.

Another important connection is with the national rural finance institute (Financiera Rural or FIRA). This has led to agreement on various issues such as jointly identifying priority projects for financing, promoting FIRA as a lending institution among forest owners, and identifying potential candidates for FIRA credits. There are links too with other sources of finance such as Fundación Produce, Agromoney and others, which have already funded several projects. A programme specifically designed for the needs of forest owners (FinÁrbol) is being developed, although this is still in its early stages.

Links to research institutions have not been overlooked. Close cooperation has been established with several universities in the country. Looking beyond Mexico's boundaries, CONOSIL has signed an agreement with the Cuban Institute of Animal Science. They will work together to develop systems which reduce the damaging effects on natural forests of animal grazing. CONOSIL is also a member of the International Family Forest Alliance (IFFA).

Changes were not only seen in the successful partnerships developed through the project. Association leaders and technical staff have learned new skills and knowledge at three workshops, and via written material published online and elsewhere. Many women have taken part in training sessions.

Keys to success

- Strong government support, including strategic planning plus long-term commitment to supporting consolidation of the organizations during early development.
- Effective partnership with the development partner.
- Having a hierarchical democratic structure from local up to national level.
- Effective communication within and beyond the organization.
- Awareness-raising, followed by demand-driven technical and financial support to forest owners.
- Strong links between owner organizations and forest authorities so that the latter see the involvement of the former in activities such as forest protection and tree seedling production as complementary rather than competitive.

Financial partnership: grants to encourage sawlog production - Uganda

Uganda's forests have declined steadily in the face of pressure from a growing population which depends on fuelwood and subsistence agriculture for daily needs. By 2008, forest cover was only about 18 percent. Commercial agriculture has also encroached on forest land to produce tea, sugar, tobacco and, more recently, palm oil. Natural forests are no longer able to supply the increasing demand for timber, fuelwood and poles.³³ In recognition of this shortfall, the Sawlog Production Grant Scheme (SPGS) was set up in 2004 to fund timber plantations. It is a partnership between the Ugandan government and donors (the European Union initially, with Norway a more recent participant) and by 2010 it had supported tree planting and maintenance to acceptable standards on more than 17,000 ha.

Although most SPGS support, both financial and technical, goes to large-scale commercial growers, the scheme also includes an element of community support.³⁴ This is aimed at saving the remaining natural forest by providing poor rural communities with alternative sources of timber and poles, which they can use locally or sell. Another important objective was to increase the number of skilled forestry workers. This increases the pool of labour to carry out silvicultural activities and boosts local employment. Bearing this

³³ Jacovelli. P.A. (2010). *A Ugandan Model For Engaging The Private Sector In Commercial Tree Growing*. 18th Commonwealth Forestry Conference, Edinburgh, July-Aug 2010.

³⁴ See the SPGS website – www.sawlog.ug



potential synergy in mind, priority is given to community groups in areas close to existing or planned commercial plantations. Groups in areas close to conservation sites with natural high forest are also encouraged, to create an alternative source of timber and reduce further degradation of natural forest.

Institutional arrangements

Under its Community Tree Planting Initiative, SPGS provides technical advice, practical training and, in some cases, quality tree seedlings to community groups. Groups have to be at least 20-strong, and individual members can be supported to plant up to 5 ha over two years. Considerable work has been done to make sure that communities are ready to plant and, more importantly, to maintain the trees.

SPGS prefers to work with registered community-based organizations, as they already have a formal structure and common aim. The SPGS team comes to inspect the area (the scheme will not support planting on wetlands, natural forest or any other ecologically sensitive site) and organize training for successful applicants. This covers basic planning, land preparation, maintenance and tree protection. Groups must then prepare the land so that trees can be planted as soon as they have been delivered.

Having liaised with community leaders, SPGS buys and brings in appropriate seedlings at the start of the rainy season, and group members plant them immediately. SPGS staff make regular visits to provide hands-on technical advice and further training on how to maintain and protect the young trees, particularly from fire, animal damage and competition from weeds.

With an eye to the future beyond the donor-funded period (currently to 2013), SPGS has been instrumental in the formation of the Uganda Timber Growers' Association (UTGA) – an independent, private-sector lobby and support group.

What has changed?

SPGS community support had by 2010 reached over 100 communities with a total of over 3,000 individual members. More than 1.7 million seedlings had been supplied, and over 1,200 ha of plantation established with an 80 percent survival rate. Demand for community support is increasing rapidly, as existing communities wish to expand their plantations while new groups are keen to join. Demand for seedlings had reached 5 million by January 2011.

Members of the Kamusiime Memorial Rural Development Association pooled their land to grow commercial timber. Having signed an agreement with the Sawlog Production Grant Scheme (SPGS) in 2004, by 2006 they had established 50 ha of fast-growing *Pinus caribaea* var. *hondurensis*, using improved seed from clonal orchards. A committee decides a work schedule, and every member comes to work once a week (or pays for equivalent labour, which is often done by women and young people, thus providing employment opportunities for marginalised groups). The group also took on a contract to establish 20 ha of forest for a private investor.³⁵ The tree seed is grown in nurseries, and selling seedlings provides additional income.

SPGS supports the association with community planting officers who are on hand to provide advice. Practical training sessions teach members how to prune and thin their trees. The importance of weeding between young trees is stressed, as is the importance of choosing the right species for each site. Growers are discouraged from planting crops between the trees, even though this has traditionally been a way of establishing forest, because experience shows that competition with other plants retards tree growth.

Keys to success

- Long-term commitment on both sides of the partnership. No money is paid up-front – the grants are only released when the conditions agreed in the contract are met, and the money is released in stages after the trees have been inspected.
- Organizational capacity: some associations are weak and find it difficult to coordinate community tree planting. Capacity building of such groups, as is foreseen under FAOs' Forest and Farm Facility, will make them better able to benefit from the grant scheme.

³⁵ <http://www.sawlog.ug/downloads/SPGS%20News%20No.%207.pdf>

Producer groups join forces with retailer – India

Madhya Pradesh State, in Central India, is known for its forest products. Some products, such as tendu leaves (*Diospyros melanoxylon*), sal seed (*Shorea robusta*), chebulic myrobalan (*Terminalia chebula*) and gums are nationalised and can only be traded by state agencies. Trade in others is unrestricted. The government set up a State minor forest products federation (MPMFP)³⁶ almost 30 years ago, to bring local cooperatives together and help the collectors of non-timber forest products- nationalised or not - get a fair price.

Institutional arrangements

The federation is important in generating employment in poor, remote forest communities. Many smallholders forage in the lean agricultural season when other work is scarce. Primary coops bring the various forest products to the federation, which sells them on. The profit is shared three ways: half to the collectors, 20 percent to develop non-timber forest products and regenerate the forest, and 30 percent for infrastructure development. Individual members benefit from life and accident insurance from the federation.

Partnership with Sanjeevani, a retail outlet in Bhopal, was a logical step in the federation's development. The Sanjeevani initiative gives a specific sales point for the medicinal plants collected and produced by primary coops. Sanjeevani also provides affordable consultations by ayurvedic practitioners, which increases sales and boosts the popularity of the traditional health care system. Since September 2002, there have been over 30,000 patient visits and 70,000 medicinal sale transactions

The coops' link with Sanjeevani' gives them a secure market for their produce, although they are not obliged to sell their products only to Sanjeevani. Sanjeevani too is free to source raw materials from other suppliers. However, as it is a profitable venture, current arrangements appear to be satisfactory to both sides. Sanjeevani's profit is distributed in the same proportions as for the societies within MPMFP (50:20:30 to collectors, regeneration and infrastructure).

Close links with the state administration are reflected in government promotion of better value-addition (so that collectors gain maximum benefit). Single-plant

medicines rather than complex mixtures are being promoted, and a collectors' training centre has been set up. Once collectors have learned about processing and quality control, they can supply prescription-ready plant material to Sanjeevani. It is easier for the regulatory authorities to analyse and check single-plant products, and they are only slightly less convenient for patients, who simply mix the ingredients prescribed by the ayurvedic practitioner.

A further supportive link with the government has been the setting up of People's Protected Areas to guard against over-exploitation of the forest environment. In a protected area, non-timber forest products are conserved in situ.

Keys to success

- Long-term government support – the umbrella organization is a government initiative.
- Distribution of benefits to regenerate the forest and improve infrastructure as well as provide income to individuals.
- Finding ways of increasing value-addition by producers (promoting single-plant medicines, and training producers in quality control).

Links to industry – China

Shaowu city in Fujian Province consumes huge amounts of raw materials in its wood and bamboo processing industry. Local production can supply only about half of the peak demand, so the Wujiatang Town forestry station encouraged local forest farmers to form an association to plant fast-growing trees (such as eucalyptus) and small-diameter bamboo. This partnership was a vital part of establishing the association, as the forestry station runs courses for members on improving nursery stock and how to plant for maximum seedling survival. Government involvement also smooths the way for farmers and factory owners to cooperate, and offers guaranteed transactions to protect both parties.

Before the association was formed, farmers did not have a ready market for their forest products, despite the growing demand from industry, as it was too costly to set up planting contracts with individual farmers. Now the farmers are linked to industry via their association, which effectively resolves the potential conflict between small farmers and large markets, and between fragmented forest and efficient management.

³⁶ The Madhya Pradesh State Minor Forest Produce (Trade and Development) Cooperative Federation Ltd, Bhopal.



Members are drawn from six villages near to Wujiatang Town, in addition to four larger-scale farmers. So far they have established 133 ha of trees, including on barren hills and wasteland. The association provides a mutual communication platform between farmers and enterprises, and a better raw material supply mechanism has been established.

Reaching markets at home and abroad – Namibia

The marula tree (*Sclerocarya birrea*) is widespread in the miombo woodlands of southern Africa. Its tart fruit is a key ingredient of the well-known Amarula liqueur and the hard nut contains a nutritious, oil-rich kernel. Marula oil is used in cooking and as an ingredient in skin-care products.

Most rural Namibian women's livelihoods depend substantially on harvesting and processing indigenous products, including marula. Women often perform the work because production and harvesting require very little startup capital, resources are accessible to all and the work can be combined with other household tasks.³⁷ One challenge has been to link the marula collectors, who are scattered in villages throughout the woodlands, with potentially lucrative markets abroad. Another is to increase domestic demand (most rural households collect and produce enough for their own needs).

Namibia's indigenous natural products sector is growing steadily, but there is limited local demand and few economies of scale. Most of the products are exported in a raw state with no added value. A notable exception to this has been the partnership (dating back to 2000) between a local producer group, the Eudafano Women's Cooperative, and The Body Shop, a global brand with shops in more than 50 countries.

Institutional arrangements

Established in 1999 as a women-only marketing cooperative, Eudafano has since grown to encompass 24 producer associations representing 5,000 people. The coop now has its own processing factory that produces oils and juice to international standards, so value-addition now takes place in Namibia. The factory also processes Kalahari melon seed oil, and supplies other cosmetic firms such as Aldivia.

A more recent partnership is with the US Embassy's Millennium Challenge Corporation (MCC), which is investing in the capacity of local producers and processors, including Eudafano. And the Namibian government's Ministry of Environment and Tourism is working with Eudafano, CRIAA-SADC and GTZ³⁸ to bring marula oil into the domestic market for edible oils.³⁹ The oil is well-known by communities in the north-central regions and has long been produced and traded informally. In an effort to bring them to a wider range of consumers, a range of marula food oils was launched at the Namibia 'Tourism Expo' in Windhoek.

The network of suppliers will be guaranteed an extra income if the marula food-oil product can be successfully commercialised. Trials have been carried out at the Katutura Artisan's Project using different technologies and production techniques. Decorticating the kernels from the hard marula nut is difficult, and CRIAA-SADC has been trying to develop a safe and hygienic technology to simplify the process. The full transfer of technology, including training, has now been completed, and production is under way at the Eudafano factory.

At the tourism exhibition, cooking and tasting demonstrations showed how the oil could be used in both traditional and modern recipes. Awareness of marula food oil was thus raised with the media and consumers, and contacts were established with the hospitality industry.

Wider trade associations dealing with marula oil include the Southern African Natural Products Trade Association, which brings together producers from Botswana, Namibia, South Africa and Zimbabwe. It also played a key role in developing Phytotrade Africa, which now represents many producers of natural products throughout the region. Phytotrade's members include producer groups such as the Eudafano coop as well as research institutions, government agencies, NGOs and individuals with an interest in the natural products trade. This wide membership means that Phytotrade can offer networking opportunities to producer groups, as well as the chance to promote their products at global trade fairs.⁴⁰

37 <http://iipdigital.usembassy.gov/st/english/article/2012/03/201203121998.html#axzz1w4dbcv8F>

38 CRIAA-SADC, the Centre for Research Information Action in Africa (Southern African Development and Consulting) is a membership-based NGO that supports rural communities. GTZ, now known as GIZ, is the German development agency.

39 <http://allafrica.com/stories/201007220943.html>

40 For more information on the marula tree, see the World Intellectual Property Association's Aid-for-Trade case story, *A Tree and Traditional Knowledge: A Recipe For Development*

Voice of a marula producer⁴¹

“My name is Hileni from Etale village in northern Namibia. I have six children. My grandmother taught us how to press marula oil which we traditionally use in food and cosmetics. I started selling marula oil to local markets in the 1990s. I later became a marula primary producer for Eudafano Women’s Cooperative in 2006 after seeing the benefits that my neighbours got from selling marula. We collect marula fruits from our own plots. It takes a month to collect marula fruits and a month to extract the kernels. I sell about 100kg of kernels per season.

“I spend the money from marula to pay school fees for my children, hospital fees, purchasing food and other household essential needs. I earn much more from marula than from any other source. People from my community are protecting marula trees. Some are also cultivating new marula trees just like I do.

“My life has changed because I am no longer poor. My family’s diet has really improved. Since getting involved in the marula trade I can now afford a range of other foods such as maize meal, bread, rice, sugar and meat.”

Keys to success

- Recognition that women have a particular role in the marula industry and, in the early stages, establishing women-only groups.
- Support from several quarters (government, development partners) in the form of research and development (how to process marula locally) and marketing.
- The involvement of a trade association to increase networking possibilities.

Sharing expertise by twinning – Tanzania and others

Keen to share its success in forest management, the Finnish Central Union of Agricultural Producers and Forest Owners coordinates twinning projects in several developing countries including Mexico, Ethiopia, Vietnam and Nepal.^{42,43} The organizations learn that it is possible to gather small producers together in order to meet the market demands, as happens in Finland. Twinning promotes sustainable forest management and functional timber markets. Activities include training forest owners to quantify their forest resources and the timber they sell in terms of volume rather than on an area basis. There might be demonstration plots for the forest owners to see the differences between unmanaged and managed forests. And coops in the partner countries are supported to publicise current market prices through local radio stations or newsletters to members.

Recognising the success of this approach, other countries have expressed interest in becoming involved. Further twinning arrangements are already planned for Nicaragua and Zambia. The case of Tanzania below is presented as an example of the thorough planning that will be needed for success.

Twinning in Tanzania

The Southern Highlands of Tanzania face a timber shortage by 2025, despite active tree planting by smallholders over the past decade or so. Prices have risen following the decision by the Ministry of Natural Resources and Tourism to triple the prices for logs sold from its own plantations, giving small- and medium-scale tree farmers more incentive to plant and raise trees.

Despite the higher market prices, many smallholders do not benefit fully from their investments. Trees grow slowly and require attention and protection to produce income. Lack of capital and price information often prompts smallholders to cut immature trees and sell them too cheaply. Small growers also have to cope with frequent fires, the lack of good quality seeds and poor technical knowledge of silviculture and other woodlot activities. In the face of these challenges, smallholders have been keen to establish their own tree growers’ associations.

⁴² The projects are funded by the Finnish government through AgriCord, with FAO providing further support.

⁴³ http://www.nordicforestry.org/article.asp?Data_ID_Article=4408&Data_ID_Channel=44

⁴¹ <http://marula.net/>



There are currently 17 tree growers' associations in the Southern Highlands, which aim to add value to smallholder forest resources by improving the quality of produce, encouraging better forestry practice, spreading market and business knowledge, and improving the networking and lobbying activities of smallholder foresters. Almost 40 percent of existing growers' association members are women, although in many villages women do not own land (or are unaware of their rights to own it).

Demand for timber comes from several hundred sawmills (most of these are small operations) and pole treatment plants. Until recently, most raw material came from government plantations, but these are rapidly being depleted by poor management.

What will change?

The project will focus on improving three areas – service delivery, lobbying capacity, and the profitability of forest products. It also aims to establish a model for other tree growers' associations. The focus on training in productive forestry contrasts with earlier interventions that focused more on conservation and biodiversity. It will reach 825 members of 12 tree growers' associations and their families (about 4,500 people). The Matembwe tree growers' association (UWAMIMA by Kiswahili acronym) has been identified as a host twinning organization (with three others), based on its good performance and progress made in forest management. UWAMIMA was established in 2009 and registered in September 2010. The association has 45 members and about 1,500 ha of woodlots.

The forest management association Päijät-Häme, from South Central Finland, has considerable experience of technical forestry. It can also share its expertise in business development, marketing logs, harvesting and silviculture. Much larger than UWAMIMA, the Finnish partner has 7,000 members with a combined forest area of 250,000 hectares. It has 42 permanent employees (forestry professionals and administrators) as well as 28 forest workers. Päijät-Häme provides a complete range of services for its members in Finland, via well-equipped forest contractors.

The biggest issue for UWAMIMA's members is a lack of capital, inputs and seeds. Lack of cash for investment will be tackled by accessing the Tanzania Forest Fund (under the Forestry and Beekeeping Division of the Ministry of Natural Resources and Tourism), which has been in operation since December 2011. Work will also focus on generating income while the tree crop matures. Other sources of capital will be sought from banks, savings and credit cooperative organizations (SACCOS), and donors. A grant scheme will also be piloted.

Poor market awareness, and a tendency to harvest trees to pay for emergencies rather than according to a plan, will be remedied. Market information and measurement systems will be put in place. The latter is particularly important to growers who do not know how to calculate the volume (and hence the value) of timber they are selling. Setting up joint wood sales will also help growers to get a fair price. Systems to measure logs and trees need to be soundly based, so partnership with Sokoine University in Morogoro is planned.

Fires, which often spread to woodlots when straw is burnt after harvest, can lead to devastating losses. Under the project, local by-laws will be enforced by higher penalties. Effective fire breaks will be made, firefighting equipment will be procured, and members trained in fire prevention.

The lack of extension services will be remedied in the short term by employing a forester. Members will be able to learn technical forestry skills, how to measure timber, and the basics of the timber trade. Lobbying with relevant bodies will be done to improve the availability of good quality seed of the right species for this area.

Keys to success

- Bringing the practical experience of a long-established forest management association to help a newer producer group develop.
- Having a focus on income-generation for tangible benefits.
- Creating links to sources of credit.
- Establishing a market information system.
- Taking steps to protect the growing forest from fire.





3: Lobbying and policy-making

Forestry matters are often in the news, as concern grows about the environment, deforestation and the effects of climate change. These issues impinge directly on the daily lives of small forest producers, but their voices and concerns are rarely heard in public. If they establish or join a well-organized producer group, however, the group can legitimately speak out on their behalf. Producer groups can be involved in analysing the current position, help set the policy agenda and influence policy design.

For this, producer groups need good coordination with related stakeholders. This is connected with the partnership activities outlined in section 2 above, which also help to generate broad support. Groups also need to gather and consolidate the views of their members. And they need to engage with policy makers in a proactive way that ensures their positions are taken into account. This is complex work, especially for organizations that are themselves hoping to grow and develop, so change at policy level is often slow.

Examples below show that change can happen, albeit slowly, to raise the profile of small forest producers.

Wanting to speak with one voice - South Africa

South Africa's commercial plantations, established to supply the raw material for construction, mining and industrial use, cover a mere one percent of the land area. Natural high forest covers only 0.5 percent, but 'woodland' is more widespread, covering almost 30 percent of the country. People living in rural areas harvest many types of produce from the indigenous forest and woodland - timber for house-building and fencing, fruit to eat and for brewing, bark for ropes and textiles, medicinal products, honey, insects, mushrooms and other edible plants, thatching grass, fodder and material for craft industries.⁴⁴

There is a significant divide between such forest users and private investors in commercial forestry: the latter own 70 percent of plantation forests and almost all of the timber processing plants. The South African government is taking steps to transform the wood products industry, in line with its vision that development will result from economic growth and the redistribution of wealth. The Department of Water Affairs and Forestry aims for more equity within the sector, and is aware that policy needs to be amended to address concerns raised by small enterprises. As a step towards this, the government has created a Small Enterprise Development Agency (SEDA) which offers non-financial services to small businesses via a network of offices. Small-scale growers, through their forestry associations, can access these much-needed services.

Institutional arrangements

A study of medium and small-scale growers' associations revealed that one of the greatest motivations for forming each association had been the desire to 'speak with one voice' in terms of bargaining power and influence over government policy (including land rights). Associations highlight a wide range of legislative constraints including laws on land, water and the environment; property rates; and the minimum wage. When it comes to business issues such as credit, marketing, business services and insurance, the problems lie not with the law but with systems that are difficult for small enterprises to access or use.

Most members of these associations cultivate timber on their own account, having found it unsatisfactory

to act as outgrowers of timber for big companies. These small-scale growers face many constraints including a lack of marketing skills and the background problems of rural poverty and unemployment. The associations help their members by marketing products on their behalf, seeking training opportunities, and negotiating better deals.

Forestry South Africa (FSA) is a major organization representing roughly 1,300 commercial timber growers and 20,000 emergent growers in South Africa. Its members control 93 percent of the country's plantation area and FSA is regarded by government as the industry's representative body. One of FSA's founding objectives was to bring the emerging small-scale timber grower sector into mainstream forestry activities, although the organization is currently dominated by large-scale growers: of the 10-member committee, five were large growers in 2006.⁴⁵

FSA, in its role as umbrella body, acquires and shares various types of information, covering legislation (such as the Municipal Property Rates Bill and Communal Land Rights Bill) and research and development issues. Interaction between FSA and other associations enables useful, accurate information to be shared. Members can also share their difficulties and devise solutions, and these issues can then be taken up with relevant institutions, for example lobbying government on legislation.

What has changed?

Many associations are now recognised by government and receive financial and technical support. Some aspire to compete fairly with large firms by accessing domestic and international markets independently. This is a major challenge for small grower associations throughout rural South Africa, because large firms tend to dominate every aspect of the value chain, including setting prices for forestry products.

Small grower associations play an important role in their communities, although the nature of the role is changing. Having, for the most part, being set up as somewhat passive recipients of support from large companies, government and other service providers, they now wish to increase their bargaining power and exert more influence over the timber sector and its potential to improve quality of life in rural areas.

⁴⁴ Septi Bukula and Mzwanele Memani (2006). *Speaking with one voice: The role of small and medium growers' associations in driving change in the South African forest sector.* IIED.

⁴⁵ www.forestry.co.za



Network of user groups speaks out for its members - Nepal

Nepal was a pioneer of community forestry. Faced by the threat of rapid deforestation leading to severe erosion of its dramatic mountain topography, local groups have been planting and tending trees for decades. FECOCUN, the formal network of forest user groups, has been in existence since 1995. The federation was originally formed to give voice to small users in policy process, and it has now grown into a social movement organization of 8.5 million forest users.⁴⁶

Nepal's 1993 Forest Act provides the legal framework for community forest user groups. Other user groups that rely on forest resources at grassroots level can also join, and there are currently about 13,000 affiliated member groups. Thirty employees of FECOFUN are based in Kathmandu, with many more in over 250 district offices. The federation is also supported by thousands of volunteers and community forestry facilitators, and several national and international organizations.

FECOFUN's activities include:

- Supporting district branches and community forest user group members. This might include preparing or revising written constitutions and operational plans, mediating between user groups and other interested parties, and supporting income-generating activities.
- Training in many spheres, including good governance; leadership skills; community forestry policy and legal provisions; management and use of community forests; harvesting and marketing of non-wood forest products; forest inventory methods; and environment and biodiversity.
- Publishing and distributing policy papers and copies of Nepal's forestry legislation.
- Safeguarding forest users' rights by litigation where necessary.

The federation has also been involved in:

- Women's empowerment and leadership development programmes;
- Legal advice and assistance;
- National advocacy and lobbying;
- Collaboration with researchers and academics;

- Interaction with members of parliament, national political parties and leaders;
- The formation of a national network for producers of non-wood forest products.

Key to success

- Having expanded throughout almost the whole country, the federation is constantly trying to improve its services to members.

Speaking out for local forestry

The Three Rights Holders' Group, G3, brings together three global networks of forest-dependent people that between them manage a quarter of the world's forests. The three alliances (the Global Alliance for Community Forestry, the International Alliance of Indigenous and Tribal Peoples of the Tropical Forests, and the International Family Forestry Alliance) form the G3 network that cooperates to promote locally controlled forestry and sustainable forest management.⁴⁷

The alliance has several lobbying and advocacy roles:

- Defending the rights of family forest owners and users in relation to authorities and market players.
- Promoting locally controlled forestry and highlighting its positive impact on sustainable forest management, rural livelihoods, forest cover, and the availability of a wide range of forest products and ecosystem services.
- Taking an active part in international forest policy forums.

⁴⁶ www.fecofun.org

⁴⁷ www.g3forest.org

Promoting forestry to policy makers – Czech Republic

Outdated forest legislation from the communist period caused many problems when land was transferred back to its original owners in the Czech Republic.⁴⁸ Forest owners decided to organize themselves to strengthen their position relative to the then-dominant State Forest Enterprise. The Association of Municipal and Private Forest Owners (SVOL) began with members drawn only from communities and towns, but other

categories of non-state owners were later allowed to join. SVOL is now the most important of the associations of forest owners formed after the political changes of 1989. It has over 1,000 members managing about 360,000 ha of forest (about 14 percent of the country's forest area).

The organization played a decisive role in pursuing amendments to land reform legislation, ensuring that community forest cooperatives were restored correctly to their former owners. It also ensured that communities regained their historic forests in national parks, including associated roads and buildings. By establishing a regional structure, it has been able to focus on issues of particular local importance and increase member participation.

SVOL's main task has been to participate in policy formulation and speak out on the importance of property rights. It has drawn attention to the social, economic and environmental benefits of community and private forests for the stability and development of rural areas. It has also improved standards of forest management and it supports PEFC certification. Until recently, the forestry sector has been largely ignored by legislators, so raising their awareness is vital if forest owners are to enjoy a supportive policy environment.

Improving services

A future aspiration is for SVOL to have closer cooperation with research institutions. Access to up-to-date facts and figures will lend weight to its lobbying activities.

Raising forestry's profile - Mali

In Mali the umbrella organization AOPP (Association des Organisations Professionnelles Paysannes)⁴⁹ has been in existence since 1995. Its objectives focus on making connections between producer groups, trades unions, national authorities and the providers of grass-roots technical services. By identifying areas of common interest, it fosters collaboration between farmers from different backgrounds. International meetings and exchanges are also important in building trust and understanding. These various activities feed into fruitful national dialogue about ways to promote the rural sector and the needs of smallholder farmers.

Since 2008, AOPP has been implementing forest-related activities under the Forest Connect umbrella supported by FAO. Forest Connect in Mali was developed in partnership with relevant national ministries, NGOs, and groups of small and medium forest enterprises. AOPP was chosen as the focal point for Mali, because it has good national coverage through its members - over 200 farmers' organizations of different types and sizes. Forest Connect's objectives fit well with AOPP's aim of improving the living conditions of Mali's small farmers by improving market access, linking them to service providers, offering training and information, and lobbying on their behalf.

To help understand the system and development issues of small forest enterprises (focusing on the important non-wood forest products in this country), AOPP commissioned studies on its member organizations (particularly those involved with forest products) and on the current national forest policy. This information was used to draft a discussion paper on how the legislation on national forest resources relates to the needs of rural communities. A national meeting on forestry policy was later held, to bring interested parties together and decide the most efficient way to manage the sustainable use of non-wood forest resources. This meeting formed the basis for a memorandum on non-wood forest products.

What will change?

The government is also now increasingly aware of the concerns of forest enterprise groups and how to take better care of these when drafting and implementing policies.

48 Weiss, G. et al. (2012). *Success Cases and Good Practices of Forest Owners' Organizations in Eastern European Countries Draft Report*. European Forest Institute.

49 *The association of professional farmers' organizations.*

Recommendations of the memorandum on non-wood forest products include:

- Setting up training programmes for small forest enterprises;
- State support for such enterprises through programmes related to climate change;
- Legislation being developed to reflect traditional practice;
- Translating all relevant legislation into local languages;
- Setting up a functional framework between those involved in promoting non-timber forest products in Mali and further afield.

Helping a smaller group to negotiate - Uganda

The Kamusiime Memorial Rural Development Pilot Scheme is a community tree planting initiative in South Western Uganda.⁵⁰ The 20-strong group, mainly women, has planted over 250 ha with support from the Sawlog Production Grant Scheme (SPGS, also discussed more fully in section 2 above). But the national power company was planning to put a power transmission line straight through the plantations. Kamusiime felt that the government compensation being offered for the seven-year-old pine and eucalyptus trees that would have to be felled was too little so they turned to their umbrella organization, the Uganda Tree Growers' Association (UTGA), for support. A team from UTGA travelled to the area and calculated a realistic rate of return of the trees. Armed with these figures, Kamusiime was better equipped to negotiate better compensation from the power company.

could improve rural livelihoods as well as contributing to environmental conservation and increased tree cover.

Kenya's forest policy came under scrutiny. Some aspects were regarded as beneficial. These included the provision to improve plant material, a benign tax regime for farm forestry, and provisions for payment for ecosystem services. Other aspects were seen as unsatisfactory: associations would like more capacity building and extension services, and to be more involved in policy formulation. Tree growers are not currently represented on the Kenya Forest Service board, unlike sawmill owners. The need to obtain formal permission to move timber products, and the delays in obtaining such permission were obstacles to small forest producers. Finally, representatives pointed out that policy documents were not readily available locally, and that it was difficult for them to access credit facilities.

The meeting culminated with the formation of the National Committee of Farm Forest Smallholder Producer Associations. It is an independent, civil society cooperation between farm forest producer associations that aims to enable associations to exchange experiences and contribute to national forest policy from a farm forestry perspective.

Farm forestry associations form national committee - Kenya

In Kenya, 'farm forestry' is the legal term for trees planted by smallholders on their own land, but until recently farm forestry associations had no umbrella body. To make good this lack, a meeting in Nairobi brought together representatives of these associations with other interested parties.⁵¹ The associations said that their members wanted to benefit from more efficient cooperation. And it was agreed that farm forestry

⁵⁰ Sawlog Production Grant Scheme newsletter, December 2011-May 2012. Issue no. 34/35.

⁵¹ The Kenya Forest Service, the Swedish and Finnish embassies, FAO, Forest Action Network, the Kenya National Federation of Agricultural Producers (KENFAP) and the African Forests Forum.





4: *Developing business opportunities*

Making the forest activities of small family farms more productive and profitable is essential for improved rural development. Smallholder forest producers cannot invest in long-term sustainable forest production without the expectation of reasonable returns. But forest producers, many of whom are also smallholder farmers living in remote rural areas, may be isolated physically, economically and institutionally from services, markets, information and new ideas. There are other difficulties too: woodlots are often in remote areas on depleted soils too poor for agriculture, seedlings may be of poor quality and harvesting is often done prematurely to provide emergency cash flow.

Producer organizations can help smallholders break this cycle of poverty by providing services or direct links to service providers. They can give small producers access to markets and transport through economies of scale. They might also help members to draw up bankable business plans, and forge links with financial service providers. Other activities include educating smallholder families in financial planning and management, and promoting forest activities that can be done profitably by women as well as men. Through networks of grassroots associations, organizations can share new ideas, appropriate technologies and other advice.

Until recently, development initiatives for small farmers or forest dwellers have focused largely on how they can derive more income from non-wood forest products (branch firewood, medicinal plants, leaves, fruit etc.). Such enterprises can be done on a relatively small scale and need little in the way of expensive technology. Growing trees for poles and timber, however, is a different matter. The economies of scale needed to buy and maintain timber harvesting and processing machinery put such activities beyond the reach of small growers. Even a chainsaw is a significant investment, and such equipment needs regular maintenance, an assured supply of spare parts and a skilled operator.

Setting aside these practical challenges, taking the step into forest entrepreneurship has serious financial implications for smallholder farmers, because trees are slower to provide income than agricultural crops. On the other hand, the fact that trees can be incorporated into relatively small spaces means that farmers can continue to derive income from their farming activities until the first cash flow from forestry is realized.

Family forestry provides timber for export - Sweden

Sweden has only 0.6 percent of the global forest estate, but controls 5 percent of global sustainable annual cut, and enjoys 10 percent of the world timber export market by volume. Yet much of the forest is owned and managed by smallholders.⁵² This success stems from a culture of local control and accountability, together with sensible regulations.

Forest covers 70 percent of Sweden's land area. Half of this is private family forest owned by 330,000 individuals, 125,000 of them women.⁵³ Sweden's forests were badly degraded more than a century ago, but legislation in 1903 ensured new planting and sustainable management. The standing volume in previously degraded forest has since doubled.⁵⁴ The Swedish Forest Agency, established in 1905, implements forest policy, which places equal weight on production and environmental goals. Straightforward laws decree that owners' rights are trumped by the public goods value of forests. Trees must not be felled without permission, and owners must replant afterwards. Stands of young trees must not be felled at all, though thinning for silvicultural reasons is allowed. Sanctions include an official warning and fines. The government has the right to replant an illegally felled area and either recover costs from owner or seize the property. Local control does not confer inalienable rights.

The law also makes provision for environmental considerations, and public have the right of access over private forest, where it is traditional to forage for berries and fungi. The indigenous Sami people are allowed to graze their reindeer in the forest, usually after negotiations with the forest owners.

About half of Sweden's private forest owners are members of the Family Forest Association. This organization had its roots early in the 20th century, when small owners formed associations to defend and create a fair market place. There are now four regional family forest associations (with membership ranging from 13,000 to 51,000). The biggest, in southern Sweden, is fully integrated, with five pulpmills, eight sawmills and a chain for processed wood products, so they use most of their members' timber. They are organized as cooperative whose main task is helping members with

silviculture, harvesting and marketing. They are also involved with extension, training, local policy and giving professional advice.

When it comes to harvesting timber, forest association members usually delegate the task. The association engages a contractor, and there are various ways of calculating timber value. In most areas there are four or five big buyers competing to buy timber (forest owners' associations, big forestry companies and independent sawmillers).

Keys to success

- Strong, clear tenure rights.
- Long-term state support (extension services and subsidies for road building, drainage etc.).
- Cooperation within and between forest owners' associations
- Profitable industry that pays well enough to make it worth investing in growing timber
- An independent measuring system for timber.

Joining forces in a shared-stock farm – China

Forest farmers in China face three significant problems now that forest tenure has been reformed. Although they now manage their forest land, farmers cannot necessarily afford the high cost of planting or replanting trees for continuing productivity. Indeed, many of the able-bodied and young farmers actually migrate from their homes in search of paid work elsewhere, leaving a predominantly elderly and female workforce behind. And finally, the longer management cycle and higher inherent risk in growing trees means that many individual farmers are reluctant to engage in forestry, or are tempted simply to take a short-term gain by selling off or renting their land to investors.⁵⁵

An alternative option, which keeps the potential benefits in the local area, has been tried and tested by the Lingsi shared-stock forest farm in Chafu village, Fujian Province. Under a local leader, Chen Kongzhi, forest land was pooled without ownership being transferred. This brought together people with land and others with cash to invest in a cooperative way and benefit from economies of scale.

The long-term interests of small farmers are protected, and their enthusiasm to plant trees has been boosted.

⁵² Elson, D., 2012. *The Forests Dialogue: Investing in locally controlled forestry (draft)*.

⁵³ Sweden's population is about 9 million.

⁵⁴ Palmér, C. H. (undated). *Small-scale private forestry in Sweden. Areca Information*. chp@areca.se

⁵⁵ *FAO draft report (2012). Success Cases and Good Practice of Forest Farmer Cooperative Organizations in China.*

Older farmers and women have been able to help plant trees alongside a professional team, creating employment for these sections of society. The coop leader had previous wide experience in forestry, and already had a planting team and machinery. Focus on local tree nurseries has also improved seedling survival-rate. Lingsi shared-stock farm now has enough funds and technical expertise to improve seedling survival rate. It also pays attention to intercropping, fire prevention and biodiversity.

Forests now generate income for small farmers, and the scheme has also broken out of the limitations inherent in a small model. Chen Gongzhi used his own capital to branch out into a multi-village scheme. From only 20 shareholders in 2001, the organization had grown to encompass 200 a decade later.

Keys to success

- Innovations meet farmers' requirements.
- Government has offered promotion and guidance
- Leadership by an individual who already had expertise in the field.

Limitation

For long-term stability and sustainability, the group needs to improve its internal organization. With better regulation and democratic governance, there is every hope that the organization will outlive its originator.

Increasing the value of acacia woodland – Vietnam

Vietnam has adopted a new forest strategy and is handing over state-managed land to smallholders on 50-year leases, with the expectation that family forestry will provide extra income for small farmers. The country is in the top ten global producers of wood products, exporting 90 percent of its furniture production. But 80 percent of the raw materials have to be imported. Increasing domestic supply would benefit both the country and the tree growers, if the quality of local timber can be improved and certified. Sawlogs certified as coming from sustainable forest fetch twice the price of uncertified timber.

Acacia (mainly *A. mangium*) is the most common tree planted by smallholders. It finds a ready market at factories that produce wood chips for pulp production, but until recently middlemen were able to take most of the profit. A project to support the establishment of several forestry service groups as part of agricultural

cooperatives has only been operating for a short time, but impacts are already tangible.⁵⁶

Through a twinning partnership with a Finnish forest management association, forestry service groups were established. Focusing on agricultural cooperatives that were well established but had not so far offered forest services, the project covers organizational development, capacity building, institutional development, more efficient forest production etc.

A 10-day study tour to Finland was followed by a start-up workshop, and members later learned about tree production, nursery techniques and marketing. Demonstration plots were set up and surveys of land and forest areas carried out. Training included how to manage household and cooperative forestry plots, the acacia value chain and timber certification.

What has changed?

Cooperatives and farmers themselves are becoming more aware of the business side of forestry. They know that logs fetch a much higher price than smaller stems that can only be used for wood chips. Prices are posted on the cooperative's website so that members can keep an eye on the market. The challenge will be for farmers to forgo income from forestry for the 8-10-year period before trees can be harvested.

Boosting bamboo production – China

Shangshuzu Village has roughly 400 ha of bamboo forest, which supplies a thriving local bamboo industry. The various processing facilities and general economic development require a growing labour force, leaving the bamboo forest increasingly under-manned. In order to manage the forest properly and protect the raw material supply, the village secretary and others set up the Shanglin Moso bamboo shared-stock cooperative. The coop evaluates bamboo production and converts it to shares: 5,000 kg of bamboo per two years counts as one share.

At the outset, 42 farming households chose to join. Members entrust all their land to the coop so it can establish a strong production base. The organization is democratic, with the board of directors elected by the members, and the coop employs professionals to administer and manage the enterprise, and market the bamboo. All members share the profit and risk, and are free to seek salaried employment elsewhere, having

⁵⁶ AgriCord (2012). *Evidence of Impact 2012*. Leuven, Belgium.

been freed from the responsibility of managing their own small plots of forest land.

The coop has made money. Members receive profits as shareholders, and they also benefit from the income from jobs in factories or from setting up their own rural enterprises such as a hotel or guest house. Members have income levels about 20 percent higher than non-members, so there has been a steady increase in membership. Now half of the total village bamboo lands are administered by the coop, and membership has grown to include 60 percent of the villagers. Surrounding areas have been swift to see and want to replicate the benefits: there are now 16 similar coops in the county with more than 1,000 members. Five hundred long-term jobs have been created. More than 20 other farm forestry professional coops in the fields of bamboo, bamboo shoots and other commercial tree species have also sprung up.

Keys to success

- Members have seen their incomes increase, so membership is growing.
- The coop has a good reinvestment mechanism, whereby 60 percent of the profit goes towards future development. The remaining 40 percent is distributed among shareholders.
- It also makes full use of government resources available to support such organizations. For instance, the agriculture department helps pay for better infrastructure, so the coop has built almost 10 km of forest road, a bridge and an irrigation system covering more than 30 ha.
- Improving the infrastructure in turn leads to more efficiency and reduction in labour costs, which translates into higher income for the coop.

Using trees as collateral for loans - China

Five forest farmers in Hongtian village, Yongan City, faced the twin problems of insufficient working capital and high risks when managing woodlands as individuals. In such a situation, there is a temptation for forest owners to generate cash by felling part-grown trees instead of allowing them to grow to maturity and maximum value. Unless there is a system to value young trees and borrow against this, there is no other way for farmers to release income.

In this case, such a system exists and the five farmers did not fell their trees but instead set up the Dongsheng shared-stock forest farm, which pooled their

farm resources into a single entity. Once the shared-stock farm was established, it was possible to use their growing trees as collateral to borrow from local credit cooperatives. Loans were used to bid for other forest farms in the area, to create a unit that could support a processing factory and add value to the harvested timber.

Set up in June 2004, the shared-stock farm expanded rapidly to operational scale and was able to extend the industrial chain by setting up a factory, as planned. By the end of 2005, the forest farm covered more than 650 ha in over 20 villages. The five farmers were very willing to cooperate at the outset, and made flexible arrangements for joint decision-making and sharing (or re-investing) income. So far their annual incomes have more than doubled.

Challenges

The stability of this model depends on the forest continuing to produce predictable amounts of timber. Protection of the forest is thus paramount in this case.

Smallholders establish pioneering forest enterprise – Guatemala

Most people living in Guatemala's Petén region do not have enough food to eat, and more than a third of children suffer from chronic malnutrition. This seems a paradox in an area where rich tropical forest abounds, but can partly be explained by the isolation of communities from markets, which limits their opportunities to benefit from the potentially valuable forest.

Aware of this problem, the Guatemalan government set up two financing programmes to encourage sustainable forest management, one aimed at the large commercial forest sector and the other at small forest owners. The second programme, PINPEP, specifically for individuals with less than 15 ha, is aiming to reach over 400,000 people. It was set up as a direct result of successful lobbying by the National Alliance of Community Forest Organizations, an umbrella group formed specifically to speak out on challenges faced by indigenous smallholders.

Institutional arrangements

Despite this considerable government help, tree planters in Guatemala still face challenges. They need to identify suitable local and external markets for plantation timber, and to overcome their isolation from markets. Tree planters need better connections with each



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other, with consumers and markets, with financial and business development service providers, and with policy makers.

To this end, FAO's National Forest Programme Facility and Growing Forest Partnerships Guatemala began supporting a group of almost 200 reforestadores (tree planters) in San Francisco Petén in April 2011. The aim was to help them improve their market access and skills, and to boost community incomes. The means to this end was the creation of a wood products enterprise, called Red Forestando Chachaklum, set up by six forest communities which, between them, own and manage about 1,084 ha of planted forest.

For good quality timber, pruning and thinning are vital silvicultural operations. In this case, a group of planters were trained to do this work themselves, saving considerable costs to the enterprise as a whole. They also cut costs by organising a team of individuals and paying them to do all the transport within the plantation and loading timber onto transport vehicles. Now that the plantations are being managed properly, the final crop will be more valuable, providing a safety net for the future.

What has changed?

In the past, community tree planters sold most of their produce to truck owners (locally known as 'coyotes') who set prices on a 'take it or leave it' basis. They were able to dictate terms because they were the only buyers willing to take the small amounts produced by individual planters - larger potential buyers had no interest in trying to negotiate with a diverse and fragmented group of sellers.

The new forest enterprise has changed the situation dramatically, and the tree planters' collective can now deal directly with larger companies. Particle board factories in Guatemala City are now interested in establishing fair, long-term contracts, and business negotiations are under way. The cycle of isolation is broken.

This success did not happen overnight. Development partners undertook a range of activities to support the setting up of the forest enterprise.⁵⁷ But the success of this work has inspired the Guatemalan government to replicate it within a comprehensive national programme. The national forestry administration, INAB, has created an industrial and commercial department (Unidad

57 The total cost of the support including hiring of consultants, organization of meetings, legal fees for the establishment of the enterprise and all other activities amounted to USD 80,000.

de Industria y Comercio) to support the formation of more producer organizations in other parts of the country. A new producer organization is already being formed in Alta Verapaz, where over 900 families collectively manage and own over 1,700 ha. Although the initial work described above was supported by donors, who recruited a local and a national consultant plus an international expert to oversee the creation of the enterprise, all subsequent activities are being fully funded and supported by INAB.

Keys to success

- Government finance aimed specifically at smaller producers.
- Support from development partners.
- Improvements in silvicultural techniques to increase the value of timber.
- Cutting costs by training group members to do some of the silvicultural operations.
- Aggregating harvesting and transport costs.

Community groups make pallets from certified timber – Mexico

The green initiative 'Reforestamos Mexico' (Reforesting Mexico) began in 2002, focusing on conservation projects and reforestation. Nearly a third of Mexico's land area is covered by forests, and Reforestamos is committed to keeping forests and jungles in good ecological health at the same time as strengthening social capital⁵⁸

Mexican forests generate millions of dollars each year, in the form of timber, non-timber forest products and environmental services. As almost 95 percent of forests belong to small owners, part of the Reforestamos initiative focuses on closing the gap between the rural and urban sectors and promoting conditions to encourage business practices that are 'green' as well as fair.

Reforestamos has been working with community groups, many of them indigenous, since 2005. It became clear that although it is important to develop social capital, it is also vital that small forest owners must be able to generate profit from their woodland resources. Focus has therefore been placed on developing local leadership skills, making forest operations both profitable and sustainable, encouraging timber certification and fostering corporate social responsibility in forest enterprises.

58 www.mexicotoday.org and www.reforestamosmexico.org

Institutional arrangements

A recent initiative supported by Reforestamos is the Pino Real Forest Corporation, registered under Mexican law as a rural collective in January 2012.⁵⁹ The corporation pools the resources and productive capacity⁶⁰ of several smaller coops (ejidos) to provide certified forest products (currently pallets) to specialised markets. The member groups have a combined area almost 68,500 ha forest in common use, and all have Forest Stewardship Council (FSC) accreditation.

Having the machinery and equipment needed to produce higher-value products than the individual members do at present, the enterprise should create jobs, develop skills, and improve the quality of life of partners and employees. Expanding the membership will improve the supply of raw materials, and there are plans to diversify the range of products to exploit market opportunities as necessary.

There are various checks and balances within the new corporation. Work plans and operations are subject to the approval of a general assembly of members, and there is a board of directors for close scrutiny of annual reports and accounts. A supervisory board makes sure that social contributions are invested wisely.

What has changed?

In 2011, the corporation sold more than 45,500 pallets made from certified timber. This scale of activities means that the corporation can compete directly for business with multinational companies, its competitive advantage coming from the ready availability of certified raw material, plus quality and service.

Further stages in development will be to diversify beyond pallets, with the aim of having sustained production throughout the year. This will need some support from government programmes and NGOs, but there is the potential to access credit for developing the company via Financiera Rural. Improved profits will make it possible to offer even better incentives to community forest enterprises to conserve biodiversity.

⁵⁹ Although the entity was active before that date.

⁶⁰ Three sawmills, three pallet factories, three drying ovens, forklifts, backhoes and related equipment.

Keys to success

- Pooling the resources and equipment of several smaller cooperatives for economies of scale.
- Increasing the scale of activities to suit the needs of multinational companies.
- Group certification of sustainably harvested timber so that small producers can benefit from the better price commanded by certified products.

Groups should benefit from growing market for eucalyptus poles – Ethiopia

Eucalyptus trees were introduced to Ethiopia more than a century ago, as a fast-growing solution to the chronic shortage of wood. There are now large plantations of various species (including *Eucalyptus camaldulensis* and *E. globulus*), especially around Addis Ababa, and they are also widely grown on farms, either along field boundaries or as small plantations. Smallholders appreciate their speed of growth, the fact that livestock do not eat them, and their ability to coppice (regrow from the stump) after being cut. Poles find a ready market for the construction industry and the market is booming. There is particularly strong demand for poles in Bahir Dar, Addis Ababa and in neighbouring Sudan.

However, farmers are not yet doing as well as they should from the buoyant market, because most pole-growers are not members of producer groups. Instead, farmers sell mainly through middlemen who take most of the value, selling poles in the market for up to double what they pay the farmer.

To bring more of the benefit from eucalyptus trees to farm-level, a pilot project is running in the Amhara region, in the north of Ethiopia. Most of the natural high forest has gone and the land is occupied by small farmers, so extensive plantations are out of the question. Instead, there is great potential for smallholder production, with farmers willing to convert up to 20 percent of their land for this purpose. Indeed, many of the 3.4 million smallholder farmers in Amhara are already growing trees on their farms.⁶¹

The project feasibility study found a favourable policy and regulatory environment for smallholder forestry, although there is still a poor knowledge of commercial aspects of growing trees, and too few forest producer organizations. There is some institutional support for

⁶¹ Niras (2010). *Start Up Support to Forest Producers' Organizations in Amhara Region, Ethiopia*. Project document.



small farmers, who can turn to the Bureau of Agriculture and Rural Development (BoARD) for advice on all aspects of agriculture and forestry. To date it has focused on delivering seeds and giving planting advice via local development agents. As a result, together with many years' extension support from various outside agencies, farmers are well used to growing trees from seed (although the quality is not always good, as they collect seed from their own trees). However, advice on how to manage coppiced trees for the straightest poles, and how to make the most of markets, has been absent. To overcome these issues, the project will train key personnel of existing farmers' groups so that the organizations can include forestry-related services. And it will help farmers increase their financial return from trees by establishing a mechanism to share market information on poles of various qualities and sizes.

In Amhara, there are already more than 6,000 agricultural cooperatives and 43 unions, providing services to 1.3 million households. They are democratically organized, with a general assembly at which members can vote, and an executive board to administer the group. The Cooperative Promotion Agency is a prominent public organization that supports unions and coops, working free of charge to promote both the organizations and demand for their products. However, forestry coops account for just 1 percent of the total. The project will therefore work with existing farming cooperatives, helping them to change their bylaws to allow them to market poles. Bringing poles into the picture will smooth the groups' cash flow, as poles can give year-round income (whereas honey production or arable crops, for instance, produce income only intermittently). To provide technical support, a forest officer will be employed for the duration of the project with project funding.

What will change?

Joining a forestry producer group will bring direct benefits to farmers. They will learn how to manage trees commercially to suit particular markets. Having information on the relative demand and unit prices for poles of different sizes will allow them to make informed decisions on cutting and selling. At present, farmers cut before agreeing a price, and have little idea of the true value of their poles. Farmers should also be able to drive a better deal when selling. Once their producer groups are more attuned to the particular needs of forestry, they should be able to offer services such as aggregated sales and even a cutting service for farmers who would like to subcontract this work.

A particular financial benefit from poles being sold via producer groups is that unions and cooperatives are exempt from the 20 percent royalty fees that traders have to pay.⁶² As long as the coop can transport the poles for the same cost as traders, and can negotiate similar market prices, there will be higher net income. This can be split between farmer and coop, giving more cash to the farmers and providing income that the coop can use to fund member services.

Another, much broader benefit that should stem from a better supply of poles and firewood is that householders will have less need to burn cow dung as fuel. Cow dung will instead be available for use as a fertilizer and general soil improver. This will have significant impact in this area of degraded soils that lack organic matter.

Timber production in community forest plantations - Nepal

As discussed earlier in sections 1 and 3, community forestry has a long history in Nepal. Hitherto, though, it has focused mainly on a variety of forest products rather than timber as a commercial crop, despite the fact that timber is the main source of income for community forest user groups. Little emphasis has so far been placed on efficient harvesting or sustainable management.

A meeting in Nepal in 2010 brought together various interested parties to discuss whether poverty could be reduced by realising the economic benefits of timber management.⁶³ Participants claimed that timber had received little attention compared to non-wood forest products, environmental services and carbon sequestration. Donors appeared to place more emphasis on livelihoods, capacity building and conservation issues. There was also said to be unnecessary interference by government in the timber trade. Local communities did not benefit fully from the value of any timber extracted, and wanted to see a change from the current 'wood for the rich and leaf for the poor' mindset.

This situation is unsatisfactory from two viewpoints - communities get very little profit from timber, and wood-based industries lack an assured supply of

⁶² Middlemen traders must remit 20 percent of the value of pole sales to BoARD.

⁶³ Ban Chautari: A Multi-stakeholder dialogue on forest policy issues. Poverty reduction through forestry: Exploring strategies to realize economic benefits of timber management in Nepal. 7 July 2011, Kathmandu.

quality raw material. There is thus tremendous potential to link small entrepreneurs to community forest user groups. However, to maintain supply at the same time as promoting conservation, formal arrangements between the entrepreneurs and the groups are needed. This will make sure that the benefits of natural endowment and the burden of conservation are shared fairly.

In an effort to make timber a better source of income for user groups, a twinning project is being established with Finland's agricultural producers' and forest owners' union.⁶⁴ The plan is to use the Market Analysis and Development (MA&D) approach to allow communities to run viable timber enterprises that generate jobs and improve living standards.⁶⁵ Growing demand by Nepal's flourishing furniture industry, which includes modern factories as well as hundreds of small workshops, provides a ready market for timber. From a national point of view, furniture manufacturing offers the chance of tapping into export markets, as its added value can make it worth transporting (a serious issue in a mountainous country such as Nepal, where there are few roads).

Making necessary changes

Community forest user groups, which already function well in terms of governance and organization, will be encouraged to move towards sustainable timber production. By learning more about the market for timber, groups will be better able to negotiate fair prices, and by improving traditional harvesting systems they will reduce losses and boost quality. Members currently receive little more than a tenth of the market price, although this is to some extent because of quality issues: cutting timber using hand tools such as axes and billhooks, and moving felled trees manually does not produce the best results. It is estimated that perhaps 15 percent of the harvest is lost before it reaches the point of sale. Groups therefore need access to new technology for more efficient harvesting and processing, and better planning capacity.

The MA&D approach discussed earlier brings group members into the process of identifying and developing successful enterprises. Since community forestry groups are in many cases already managing successful non-timber forest product businesses, this should be a natural extension of the same process.

The project will also encourage networking and sharing between user groups and small enterprises.

Forest user groups do not have the money to expand forest-based activities, but improved profits from their timber could overcome this problem. By producing better quality logs and having access to information about demand and market prices, they will be in a better position to negotiate favourable deals. The plan is also to establish a single sawmill between eight neighbouring user groups, so that there will be sufficient timber to keep it running through the year. Support from the twinning project and FECOFUN (Nepal's support organization for community forest user groups) will help set this up and provide operational training.

⁶⁴ MTK and AgriCord (2012). *Twinning Support to the Development of Smallholders' Forestry Organizations in Dang District, Nepal*. Project document.

⁶⁵ MA&D as an approach is discussed more fully in section 1.



Taking Action!

The many examples in this report suggest that huge potential can be unleashed by active, dynamic forest producer groups. However, smallholders in the developing world can afford to be members of producer organizations only if joining such a group increases their income. In other words, no organization can succeed unless it offers reliable financial benefits (via political or economic services) to its members.

This report suggests an operational agenda for providing external support. By showcasing a range of practical examples, it highlights the internal and external organizational capacities that could usefully be supported. It also gives some idea of the success factors and challenges determining organizational effectiveness.

Success factors

Security of tenure and resource-rights, favourable economic conditions, an enabling legal framework and long-term support from government and other partners are all mentioned repeatedly. These factors lie beyond the ability of producer groups themselves to change (although their lobbying and advocacy roles mean they can articulate their needs when policies are being devised). Instead, they merit the attention of decision-makers across the world.

Other issues are within the capacities of a well-run producer group. Developing services that their members need, cooperating with other players, including women in leadership and administrative positions, and making sure that the group is run fairly and transparently can be done largely from within.

Challenges

Challenges to success include both internal organization and external factors. The question of leadership is key, and transparent governance structures are needed to ensure orderly succession. Keeping members satisfied by providing the support and services they need is another important factor. External support is sometimes required. Forest protection is also an issue. Trees and forests are significant assets that represent considerable stores of wealth, insurance against crop failure and the possibility of income in retirement. But their value makes their protection all the more important. A single careless fire, or the depredations of grazing animals, can wreak dramatic losses. Challenges also come from bigger players in forestry, whose needs can trump the concerns of small family foresters.

Support existing farmer organizations to encompass forestry

As groups need time to reach their full potential, it makes sense to encourage existing farmer organizations to widen their scope to include forestry. This is already happening in some of the examples cited. Farmer organizations are far more widespread than those in forestry: they would need to gain expertise in new fields, but their existing cohesion and local credibility would give them a significant head start over newly-formed groups.

Acronyms and abbreviations

AFDI	Agriculteurs français et développement international (France)
ANSAB	Asia Network for Sustainable Agriculture and Bioresources
AOPP	Mali's association of professional farmers' organizations
CONAFOR	Mexico's national forest authority
CONOSIL	Mexico's forest owners' federation
CONPROG	Ecuador's national huarango producers' organization
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FECOFUN	Federation of Community Forest Users, Nepal
FFF	Forest and Farm Facility
FLEGT	Forest Law Enforcement, Governance and Trade
FSA	Forestry South Africa
FSC	Forest Stewardship Council
GTZ	German development agency, now known as GIZ
IFAD	International Fund for Agricultural Development
IFFA	International Family Forest Alliance
IIED	International Institute for Environment and Development
INAB	Guatemala's national forestry administration
LRF	Lantbrukarnas Riksförbund (Sweden)
MA&D	Market analysis and development
MPMFP	Madhya Pradesh State Minor Forest Produce (Trade and Development) Cooperative Federation
MTK	Central Union of Agricultural Producers and Forest Owners (Finland)
NGO	Non-governmental organization
PEFC	Programme for the Endorsement of Forest Certification
REDD	Reducing emissions by deforestation and forest degradation
SACCO	Savings and credit cooperative organization
SCC	Swedish Cooperative Centre
SPGS	Sawlog Production Grant Scheme (Uganda)
SVOL	Association of Municipal and Private Forest Owners (Czech Republic)
US	United States of America
USAID	United States Agency for International Development
UWAMIMA	Matembwe tree growers' association (Tanzania)
VPA	Voluntary Partnership Agreement



For many years, FAO and AgriCord have supported cooperation between farmers, groups and communities to improve agricultural production. Recognizing that increasing amounts of forest are coming under the control of individuals and communities, their focus has now expanded to include forest products and services.

This report suggests that effective forest producer organizations, which give small producers political voice and access to markets, can promote economic development for their members.

Through a range of practical examples, the document highlights success factors and challenges, and offers pointers to operational support.

For further information, please contact:



AgriCord • Minderbroedersstraat 8, 3000 Leuven, Belgium • www.agricord.org • e-mail: info@agricord.org
Phone: 0032 (0)16 24 27 50 • Fax: 0032 (0)16 24 27 55



le réseau des agri-agences | the alliance of agri-agencies | la alianza de agri-agencias

Member agri-agencies/Membres: Afdi (France), Agriterra (The Netherlands), FERT (France), Trias (Belgium), UPA DI (Canada)
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Associated farmers' organisations/Membres associés: CAP (Portugal), CIA (Italy), MTK (Finland), UPA (Spain)



Sophie Grouwels: Forestry Officer (small-scale enterprise development)

Forest & Farm Facility | Forestry Department | Food and Agriculture Organization of the United Nations (FAO)
Viale delle Terme di Caracalla, 00153 Rome, Italy

Phone: +39 06 5705-5299 • Fax: +39 06 5705-5514 • sophie.grouwels@fao.org

<http://www.fao.org/forestry/enterprises/en/> • <http://www.nfp-facility.org/>

