



## The Forests Dialogue

# Field Dialogue on Investing in Locally Controlled Forestry 22–25 August, 2009 | Panamá City, Panamá Co-Chairs' Summary Report

by Estebancio Castro Diaz, Peter deMarsh, Ghan Shyam Pandey

On August 22–25, 2009, The Forests Dialogue (TFD) convened the first field dialogue of its Investing in Locally Controlled Forestry (ILCF) initiative in Gamboa, Panama, hosted by the International Alliance of Indigenous and Tribal Peoples of Tropical Forests (IAITPTF). The dialogue brought together 45 participants representing a wide range of stakeholders, both Panamanian and international, of indigenous peoples, small and family landowners, community forestry groups, environmental organizations, forest companies, intergovernmental organizations (IGOs) and research institutions to discuss how to improve and increase investment into locally controlled forestry.

### BACKGROUND

TFD's ILCF dialogue initiative was created with the Growing Forest Partnerships (GFP), which is a collaboration between the International Union for the Conservation of Nature (IUCN), the International Institute for Environment and Development (IIED), and the Food and Agriculture Organization of the United Nations (FAO), with the support of the World Bank. GFP's goal is to support local initiatives and mechanisms that will improve the quality and quantity of investment in the forest sector through the implementation of bottom-up, in-country actions. It aims to give a voice to marginalized, forest-dependent groups in national and international policy processes.

Locally controlled forestry (LCF), which includes the management of forests for timber, non-timber forest products (NTFPs) and other social or environmental service values, is carried out by forest-dependent families or smallholders, community groups and indigenous peoples—together called “rights-holders” who have substantial (and growing) decision-making power and control over forestland but not necessarily tenure or ownership rights.

Investment, as defined in the context of the ILCF initiative, is the active redirection of resources that enhance forestry assets away from the contemporary and towards

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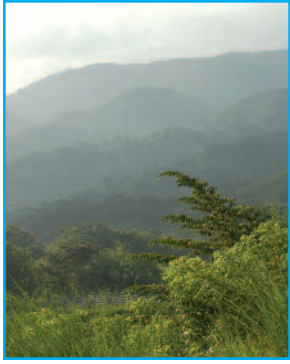
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future benefits. Therefore investments in locally controlled forestry can be made in a variety of ways and by a variety of actors. They can be made by securing forest rights, creating new forest resources, managing forests, building production and processing facilities and other infrastructure, developing human resources and capacity building, establishing credible forest certification for assurance of sustainability, improving governance or through financial investments. For that reason “investors” could mean multi-lateral organizations, bilateral donors, financial investors, banks, forest companies, governmental organizations, environmental and civil society non-governmental organizations, research institutions, small and medium forest enterprises and the very own resource owners and rights-holders.



Mayra Gonzalez

Forest-dependent people in both the North and the South are concerned about emerging financial mechanisms related to forestry investments, potential negative impacts that outside investment may have on their livelihoods, and the few opportunities for local people to access investments that meet their priorities. There are many different perceptions (and perhaps even misconceptions) among ILCF stakeholder groups and often a mutual lack of understanding of small-scale or community forestry by the investment community and of investment by small-scale and community foresters. Nevertheless, there is shared recognition of the importance of investing in locally controlled forestry to create resilient economies that are able both to sustain and make returns from forest resources—and the interest in learning more about how to do this has been widely expressed.



Visiting a local sawmill

The goal of the dialogue initiative is to build relationships between the stakeholders, identify the obstacles and opportunities for investment in LCF, and increase the visibility, role, and potential that locally controlled forestry can have. (See the ILCF Initiative Concept Paper on TFD’s website at [www.theforestsdialogue.org](http://www.theforestsdialogue.org))

The ILCF Scoping Dialogue was held on June 9-10, 2009 in Brussels, Belgium. It brought together three groups of rights-holders—indigenous peoples, community forestry groups, and forestland smallholders—along with other stakeholders of locally controlled forestry.

Key themes that emerged in the Brussels Scoping Dialogue are:



Co-Chair Ghan Shyam Pandey

- ➔ In spite of the differences among the three rights holder groups, they share many opportunities and similar obstacles that together can create a common agenda.
- ➔ LCF is perceived to be incompatible with commercial forestry.
- ➔ Recognizing and securing land tenure and user rights of forests are central to sustainable forest management.

- ➔ Strong, transparent policy processes with a multi-stakeholder, bottom-up approach are needed to move forward, in particular free, prior and informed consent processes.
- ➔ Capacity building and technical expertise are often essential preconditions.
- ➔ Effective organization and networking within and among the rights holder groups would strengthen their position.
- ➔ The role of intermediaries can be positive but is often unclear and can reduce the sense of ownership and empowerment felt by communities.
- ➔ Ensuring the profitability of locally controlled forestry presents significant challenges but there is space for new business models and new partnerships with other stakeholders.

(Read the Brussels Co-Chair Summary Report on TFD’s website for a deeper look into these themes)

In Brussels it was agreed that the three rights holder groups would continue working together to find synergy and engage in a series of TFD field dialogues with other stakeholders in order to explore the key themes in the context of a local reality. Key to this process have been the following international alliances: Global Alliance of Community Forestry (GACF), International Family Forests Alliance (IFFA) and International Alliance of Indigenous and Tribal Peoples of Tropical Forests (IAITPTF). The Panama dialogue hosted by the IAITPTF Secretariat was the first in that series of field dialogues.

## **LOCALLY CONTROLLED FORESTRY IN THE PANAMANIAN CONTEXT**

In Panama most of the forest cover is within the indigenous autonomous regions and various indigenous communities have clear legal control of their land and exercise effective control of their forests. All communities share a need to improve livelihoods through increased and sustained benefits from their forests. Regardless of tenure they continue to fear that the government could expropriate their land for “national interests” such as large-scale infrastructure projects or because of political instability. In the communities we visited, climate change is of increasing concern as local people question whether they will be able to sustain their livelihoods from the forest.

## **THE PROGRAM**

The first two days were devoted to field visits, where we met with two communities of the Kuna and the Embera indigenous peoples and visited a local medium-sized sawmill and furniture enterprise. The dialogue participants had the opportunity to listen to the perspectives of these stakeholders on ILCF and engage in a two-way discussion. The following two days were spent in meeting-style dialogue in Gamboa, just outside Panama City, where the agenda built directly on what was seen in the field.

## **KEY THEMES**

Under the right conditions, locally controlled forestry can be a strong contributor to local livelihoods and sustainable development; however, communities feel that currently they are not able to support their



Johnson Cerda in a breakout session

communities with the forest alone. Often this potential can be reached with improved investment, which many times is lacking or misplaced. Prior to exploring investment schemes, however, it was expressed that the three groups needed to find synergy for a successful continuation of the dialogue stream. At this stage the group focused on understanding each other's perspectives of what local control meant, what conditions are required to enable them to obtain and maintain local control. The following are the key themes that emerged in this discussion as conditions, opportunities and obstacles to establish and maintain local control and improve investment streams:

### Legal and institutional framework

- ➔ Ensuring land tenure and use rights security
- ➔ Guaranteeing free, prior and informed consent
- ➔ Demonstrating interest and will from the government to prioritize the forest sector and the involvement of the communities, not only by putting in place a legislative framework and forest policy but also follow through with support mechanisms and institutions, funding, law enforcement, etc.



### Community capacity

Community capacity building is not sufficiently incorporated into forestry projects and in particular they lack the following components:

- ➔ Capacity building not only of technical skills, but also managerial, administrative, business plan development, communications, and marketing
- ➔ Recognition, recovery, and transfer of what is already present in the form of traditional knowledge and culture. (The communities expressed concerns with the loss of traditional knowledge exacerbated by the emigration of youth to urban areas. Local knowledge not only increases capacity to manage a forest but it also contributes to community cohesion and empowerment.)
- ➔ Communities' capacity to become an active player on policymaking, markets, technical forums, negotiations, etc.
- ➔ “On-the-job” capacity building process where skills and capabilities are developed while carrying out a project and not as a prerequisite to implement an initiative
- ➔ Promotion of community organizing, inter-organizational coordination and networking on a national and international level
- ➔ Assessment of internal organizational structure
- ➔ Knowledge transfer and training programs between rights holder groups



Sara Omi



- ➔ Addressing the isolation and organizational gaps from each other, markets, service providers, and policy processes

### Autonomy, self-determination and identity

- ➔ Related to traditional knowledge and organizing, the community has to have the capacity and space to establish a clear vision and determine priorities; design projects that integrate these priorities; negotiate effectively with governments, the private sector, and NGOs; and finally implement and manage the project.
- ➔ Communities should be allowed and encouraged to take ownership and responsibility for these investments.

### Advocacy

- ➔ There are insufficient opportunities for the involvement of communities in national and international policies.
- ➔ The capacity of rights-holders to communicate their needs requires strengthening.

### Partnerships

There is the need to:

- ➔ Elaborate new partnerships with the private sector, NGOs and governments in which the communities become “co-partners” instead of “beneficiaries,”—catalysts, not merely participants.
- ➔ Apply approaches and tools adapted to the forest communities’ specific realities and challenges. (For example, appropriate project timeframes and coaching models; funding procedures and costs; or performance indicators which focus not only on economic efficiency but also in results to achieve indigenous rights, cosmovision strengthening, community cohesiveness, and other indicators identified as significant by the community.)
- ➔ Identify successful case studies on financing community projects

### Obstacles for investors

The predominant obstacles to investment identified by the participants were the following:

- ➔ Political instability and the absence of peace, and rule of law
- ➔ Insufficient basic business know-how of communities
- ➔ Lack of legal status and guarantees needed to attract private investment
- ➔ High transaction costs
- ➔ Fragmentation of key players and the value chain
- ➔ Inadequate technical expertise





## NEXT STEPS

It became apparent in Panama that in order to elaborate a common agenda and design a process that has the ownership of the rights holder groups the process needs more time to truly develop the synergy between the three alliances. We agreed the dialogue stream will be mindful of this need and that occasions to further this synergy will be created outside TFD’s stream.

In addition, the GFP proposal of creating a “locally controlled investment fund,” which emerged from the conclusions of the Brussels dialogue, was informally discussed. The aim of the fund is that by building on the discussions of the field dialogues the rights holder groups will identify and develop actions that respond directly to the highlighted needs. The potential fund would be controlled by the rights-holder groups to enable bottom-up identification of investment opportunities. Currently there are some working models of grant and support structures that are managed and controlled by the beneficiaries themselves and which operate in an effective and transparent manner. However, these are not, at present, operating in the forest sector. This fund would enable forest sector funding to become accessible to rights-holders. The elaboration of this fund, however, will remain outside the realm of TFD’s dialogue stream and is solely a GFP initiative.



(l-r) Co-Chairs Peter deMarsh and Estebancio Castro Diaz

The rights-holder groups represented in the dialogue will take advantage of the opportunity TFD’s dialogues present as occasions during which they can further explore GFP’s proposal and discuss potential collaboration. The Panama dialogue will be followed by an ILCF Field Dialogue in Nepal on September 21–24, 2009 hosted by the Global Alliance of Community Forestry (GACF). After which the groups plan to collaborate and meet again to establish their presence and communicate their intentions in the World Forestry Congress in October 18-25, 2009 in Buenos Aires, Argentina.



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Jaime Orozco, owner of a local sawmill

*The work of The Forests Dialogue is implemented by a Secretariat hosted by the School of Forestry and Environmental Studies (F&ES) at Yale University in the United States. TFD is an autonomous program composed of individuals and governed by a Steering Committee with representatives from major forest stakeholder groups. The statements, reports, and findings of TFD do not necessarily represent the views of F&ES faculty.*

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