



The Forests Dialogue

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The Forests Dialogue

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Scoping Dialogue on Investing in Locally Controlled Forestry

9–10 June 2009 | Brussels, Belgium

Co-Chairs' Summary Report

Minnie Degawan, Peter Gardiner and Stewart Maginnis

On June 9–10, 2009, The Forests Dialogue convened a scoping dialogue to discuss how investment in locally controlled forestry can be improved both in the global north and global south. The discussion-based dialogue brought together 30 participants representing a wide range of stakeholders: indigenous peoples, small and family landowners, forest community groups, environmental organizations, forest companies, IGOs and research institutions.

The Forests Dialogue (TFD) convened this dialogue in collaboration with the Growing Forest Partnerships (GFP). Currently the GFP initiative is a collaboration between IUCN, IIED and FAO and is supported by the World Bank. Its goal is to support local initiatives and mechanism that will improve the quality and quantity of investment into the forest sector. It aims to give a voice to marginalized, forest-dependent groups in developing both national and international policy processes.

Locally controlled forestry (LCF) can play an important role in reducing poverty while sustainably managing natural resources. In both developed and developing countries forests and in particular small-scale, locally controlled forestry, contributes significantly to the livelihoods of the rural poor through subsistence safety net but also by providing cash income, employment, fibre, fuel and non-timber forest products including food and an alternative health care system based on natural forest plants.

Together indigenous peoples, forest communities and small forestland owners own or manage a significant part of the world's forest resources. However, lack of access to capital, outmoded regulatory frameworks, high transaction costs, fragmentation, weak managerial and technical capacity, markets that function at larger scales and lack of security of land tenure undermine communities' efforts in carrying out sustainable forest management.

TFD views the increasing international attention that forests are receiving vis-à-vis climate change as an opportunity as well as a potential threat to forest dependent peoples. Creating a platform for improved dialogue and partnerships, the Investing in Locally Controlled Forestry (ILCF) dialogue stream convened a meeting of the



James Griffiths

three rights holder groups to promote a sharing of visions, the identification of a common agenda that highlights the obstacles to be overcome and the opportunities to be realized for sustainable forest management on a national and international level. The immediate goal arising from the scoping dialogue is to effectively include LCF in the decision-making processes and influence the financing mechanisms intended to address poverty and climate change.

AGENDA

The dialogue was facilitated by Markku Simula and focused on the challenges and opportunities of locally controlled forestry as expressed from the vantage point of the three distinct rights holder groups: indigenous peoples, forest communities and small-scale, family forest owners.

Locally controlled forestry refers to the range of actions required to manage or grow local forest resources and run small enterprises based on forest goods or services. Locally controlled forestry is carried out by smallholders, community groups, forest-dependent peoples and other local groupings that have substantial decision-making power. Investment refers to a wide range of actions that can enhance locally controlled forestry assets by means of supplying finance or other support and can include the creation of new forest resources, expansion of existing ones, production and processing facilities, infrastructure, as well as development of human resources and management systems.

The scoping dialogue's objectives were to better understand:

- The challenges and opportunities faced by locally controlled forestry in the global north and south;
- Factors behind successful forestry interventions that need to be integrated into investment initiatives and other support programs;
- The actual and potential north-south connections;
- The possible ways forward for an efficient and effective TFD dialogue stream on these issues.



Breakout session



Co-chair Minnie Degawan



Duncan Macqueen

KEY THEMES OF THE DIALOGUE

The representatives of forest dependent peoples described some of the struggles faced in sustaining their rural forest livelihoods. In seeking to identify the commonalities the participants felt it was important, however, to recognize the ways in which the groups are inherently different and therefore do not share all of the same challenges and opportunities. The salient differences related to:

- ➔ Land tenure and use rights security;
- ➔ Ownership patterns;
- ➔ Levels of corruption and poor governance experienced at local levels;
- ➔ Organizational structure and internal decision-making processes;
- ➔ Changing trends in ownership and demographics;
- ➔ Scale of production.

Notwithstanding the dissimilarities, the group was able to identify the commonalities that provide them with similar opportunities:

- ➔ Increasing interest in forests and local scales;
- ➔ Diversity allows for a wider portfolio of projects and partnerships operating at different scales
- ➔ Richer exchange of knowledge and experiences including case-studies of successful locally controlled investment initiatives;
- ➔ Trends and increasing influence of international standards, such as fair trade, and rights recognitions, such as DRIP, that provide space to build on at a national level
- ➔ Forests under local control constitute a significant portion of the world's forests and provide a substantial number of rural livelihoods;
- ➔ Richness and extent of knowledge of local forest dynamics.

Due in particular to the diversity within and between these groups it is important to note that there was no intention during the dialogue to shape a collective view of the rights holder groups or to expect those present to speak for all forest dependent peoples. It was acknowledged that each of the three groups is distinct and in need of their own voice. The dialogue did provide a platform for open discussions that may lead to the development of a shared agenda that the three groups can pursue together. In this spirit of dialogue the key observations of the challenges and opportunities expressed by each group are outlined in this document.

PERCEPTIONS AND ENTREPRENEURIAL CULTURE

Participants recognized that locally controlled forestry already contributes significantly not only to the sustainable management of forests but also to local economies and livelihoods through cash income



Bhishma Subedi

and local employment. In addition, it has the ability to contribute to equitable distribution of assets. Forest use by local communities, however, is not recognized as an economic activity, but instead it is at times seen romantically as a means of subsistence in line with forest conservation or at other times as a threat to the sustainability of forests itself. The public, from consumers to retailers and even some environmental organizations often misunderstand locally controlled forestry as antagonistic to forest conservation and are unaware of the challenges the rights holders face and the contributions locally controlled forests provide. Within elements of the private sector there is the perception that indigenous peoples, forest communities and small-scale, family forest owners cannot and do not want to engage in commercial forestry, when in fact the opposite is often true. Although there are major challenges to making LCF commercially viable, such as insufficient technical expertise or entrepreneurial culture, a significant obstacle is that within society at large (the state, NGOs and the private sector), indigenous peoples and local communities lack credibility as responsible stewards of their forest resources.



l-r: Charles Uwiragiye and co-chair Stewart Maginnis

RIGHTS RECOGNITION AND ESTABLISHMENT

Recognizing and securing land tenure and user rights of forests are central as they provide a basis for sustainable development. Governments, funding agencies and investors are responsible for recognizing rights groups and incorporating their rights into the national policies and legal frameworks, as well as internal operational policies.

Along with tenure rights, recognition is also needed for cultural identity, the services their management is providing, and traditional forest-related knowledge in the use of natural resources.



Cath Long

POLICIES AND LEGAL FRAMEWORK

Policies are commonly unclear, lack consistency and coherence and at times present direct obstacles to the promotion of locally controlled forestry; strong, transparent policy processes that involve all stakeholder groups are needed to move forward. Bureaucracy, weak governance, corruption and perverse incentives currently in place in many global regions prevent a successful structure of support for ILCF. Policy processes should include bottom-up input by ILCF stakeholders and be structured so as to strengthen diverse involvement of communities, including women and youth who tend to be underrepresented.

CAPACITY BUILDING

Capacity building and technical expertise is often an essential pre-condition for the successful establishment of locally controlled forestry. In addition to technical expertise



l-r: Warwick Ragg and Peter deMarsh

and technology transfer, skills are needed in administrative and business management, institution building, networking, and communications. There have been significant efforts and funds dedicated to capacity building in the past but these have often been inefficient not responding to the real needs of LCF. Often capacity building is driven by donor priorities and not by identified local requirements and the content commonly does not include existing local knowledge or local vision for the use of their resources. Innovative and creative training in communications and marketing is integral to raising LCF's profile among the general public, policy makers and potential investors, to remove misperceptions and highlight the role LCF can play in sustainable forest management. Many opportunities already exist to move into this direction. There is a wealth of knowledge and skilled people that can supply guidance materials ready to be amassed and shared. The emergence of multidisciplinary work and networks is particularly promising for promotion of LCF within an integrated and adaptive management framework.

ORGANIZING

Effective organization and communication, including networking, will determine and facilitate the increasingly important role of LCF within the forestry sector and society at large and the inclusion of LCF in national and international policy processes. However, many communities continue to face a lack of leadership and clear orientation on key issues and their internal organizations remain weak. Networks can provide a platform for knowledge sharing and overcoming isolation of communities and fragmentation of landowners. Coordination and communication between similar groups would allow for aggregation of operations, which in many cases can be a tool for making LCF more economically viable. An increase in scale tends to improve access to capital, technology, R&D, certification and markets but it can also be accompanied by disadvantages.

Organization of LCF is required internally within stakeholder groups but also across them and throughout the value chain and scales of operations. There is scope for new models and new partnerships based on cooperation with other stakeholders in the value chain, including large-scale industrial operations. The participants representing indigenous peoples, forest communities and family forest owners identified strengthening of existing organizations and mutual cooperation as a priority to move forward, so as to build trust and create a common agenda. This would allow them to become proactive and have higher leveraging power when representing their needs and demanding their rights.

ROLE OF INTERMEDIARIES

The role of the intermediaries and other third parties is often unclear and opaque but as a whole they play a very positive role. The state's involvement is crucial in ensuring transparency of the decision making processes, provision of essential infra-structure, reliable forestry data and land-use plans, recognizing and ensuring stakeholders' rights and ultimately ensuring the level playing field for all market actors. Issues of governance and corruption, however, continue to be major obstacles to a productive facilitation. Support and research organizations can play an important role in capacity building programs, ensuring stakeholder groups' access to information and facilitating networking across geographical and thematic scales.



Co-chair Stewart Maginnis



Phuong Thao Vu



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Donors can play a catalytic role in facilitating the initial resource-intensive steps that could then propel the projects into a long-term financial sustainability stage. Often support organizations end up playing an intermediary role in administering funds, due either to the policies specified by the donors or simply because their assistance is needed due to lack of capacity or the bureaucracy and complexity of the funding procedures. This situation thwarts the communities from receiving more targeted, direct financial flows without passing through intermediaries. Support organizations and donors are criticized for lack of long-term commitment due to “short term culture” with a target/deliverable-driven approach associated with unrealistic timetables to achieve lasting impacts in strengthening LCF. Better targeted funding resulting from a higher involvement of the community in the decision making process would contribute to buy-in of improved practices by the communities and smallholders. Without comprehensive engagement and sense of ownership from the stakeholders the long term success and continuity of externally funded support projects cannot be expected.

PROFITABILITY OF LOCALLY CONTROLLED FORESTRY

Ensuring the profitability of locally controlled forestry presents significant challenges. If certain pre-conditions are in place LCF has the potential of being economically viable while contributing to forest conservation on a global scale. Key constraints for commercially viable LCF are its high capital and transaction costs; forest owners are fragmented and isolated from one another and from the market; vertical integration in the value chain is uncommon; the scale of supply is often too small and not aggregated sufficiently for the market needs; the current structure of the forest industry can be challenging to interact with; and there is an absence of a sustainable long term market and access to financing.

Small scale is often associated with lack of continuity and seen as risky for the private sector partners and investment communities and supporting LCF tends to have therefore high transaction costs. In addition, the lack of clear national policies and land tenure present high degree of financial insecurity and instability when considering investing in forestry. On the other hand, locally controlled forests are able to provide additional supplies of timber, bioenergy, and non-timber forest products along with important other benefits such as contribution to local livelihoods and national economies, employment and income generation and the maintenance of ecosystem services. The mismatch between the existing funding mechanisms and LCF needs calls for new integrated investment streams that reflect the diversity of suppliers and the combination of complementary approaches.

There is also a need for new marketing models that shift from competitive to cooperative and new partnership models based on multi-stakeholder involvement. These could capitalize on the emerging market opportunities provided for NTFPs, fiber, food,

biofuel, carbon offsets and other environmental services based on implementation of SFM; marketing and partnership models used by other similar sectors such as agriculture could be explored to tap these opportunities.

A new business model and culture needs to be adopted by stakeholder groups. Implementing LCF through new approaches requires entrepreneurial expertise but also a cultural shift targeted at economic independence of the stakeholders. Efforts to support LCF through capacity building and community empowerment have too often lacked an economic focus. For example, donors tend to be more interested in funding start-ups than long-term business support. Fundamental in the new approaches is recognition of the rights of indigenous peoples, forest communities and smallholders.

The current global recession has placed a significant constraint on the investment community as well as the forestry business; however, this challenge along with the renewed interest in forests could also represent an opportunity for reconfiguration of future investment schemes.

CONCLUSION

A successful two-day dialogue in which the participants expressed strong support for continued exploration and deepening of the prominent themes that emerged throughout the dialogue:

- ➔ Effective organization of LCF stakeholder groups for productive activities is critical for economies of scale, continuity of supply and access to finance, technology and markets.
- ➔ There is a great diversity of local situations between regions and countries and therefore further dialogue is needed to focus on removing key constraints and promoting ILFC.
- ➔ Future dialogues should target at increasing awareness of LCF at all levels and explore operational models for specific country situations.
- ➔ At an international level, focal organizations of stakeholder groups should strengthen their links and explore development of common global visions for extensive implementation of LCF.
- ➔ Sourcing and developing information on best practices and effective sharing of information and knowledge are key tools in promoting LCF.
- ➔ Communication of LFC potential is a priority and a shared responsibility between stakeholder groups.
- ➔ The expected increase of interest in forestry as a key factor in climate change should be matched with clear visions, missions and objectives from LCF communities to attract funding for sustainable forestry and rural livelihoods.



Ghan Shyam Pandey

NEXT STEPS

The Forests Dialogue will continue the dialogue stream with dialogues in Panama, Nepal and Albania before the end of 2009 and others in 2010. In conjunction with the dialogues a GFP Action Plan of in-country catalytic actions will be developed based on the recommendations made by the participants throughout the dialogue stream for ways in which GFP can support locally controlled forestry. Both TFD and GFP will provide support securing the rights holder groups' presence in the World Forestry Congress in October 2009.

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l-r: Co-chair Minnie Degawan and Hubertus Samangun



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l-r: Morten Thoree, facilitator Markku Simula and Duncan Macqueen



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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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