



Forests as
Economic
Social and
Environmental
Assets for
Communities:

Exiting Poverty in Latin America

Augusta Molnar

Director, Community and Markets Program

Forest Trends



Structure of the Presentation

- 1) **Communities are a major player in the global landscape**
 - **tenure shift, governance shifts, and market shifts**
- 2) **Community forest enterprises contribute significantly to conservation and poverty reduction**
- 3) **There are different models of community forestry: examples from Latin America**
- 4) **Governments play a key role in enabling or limiting these opportunities**

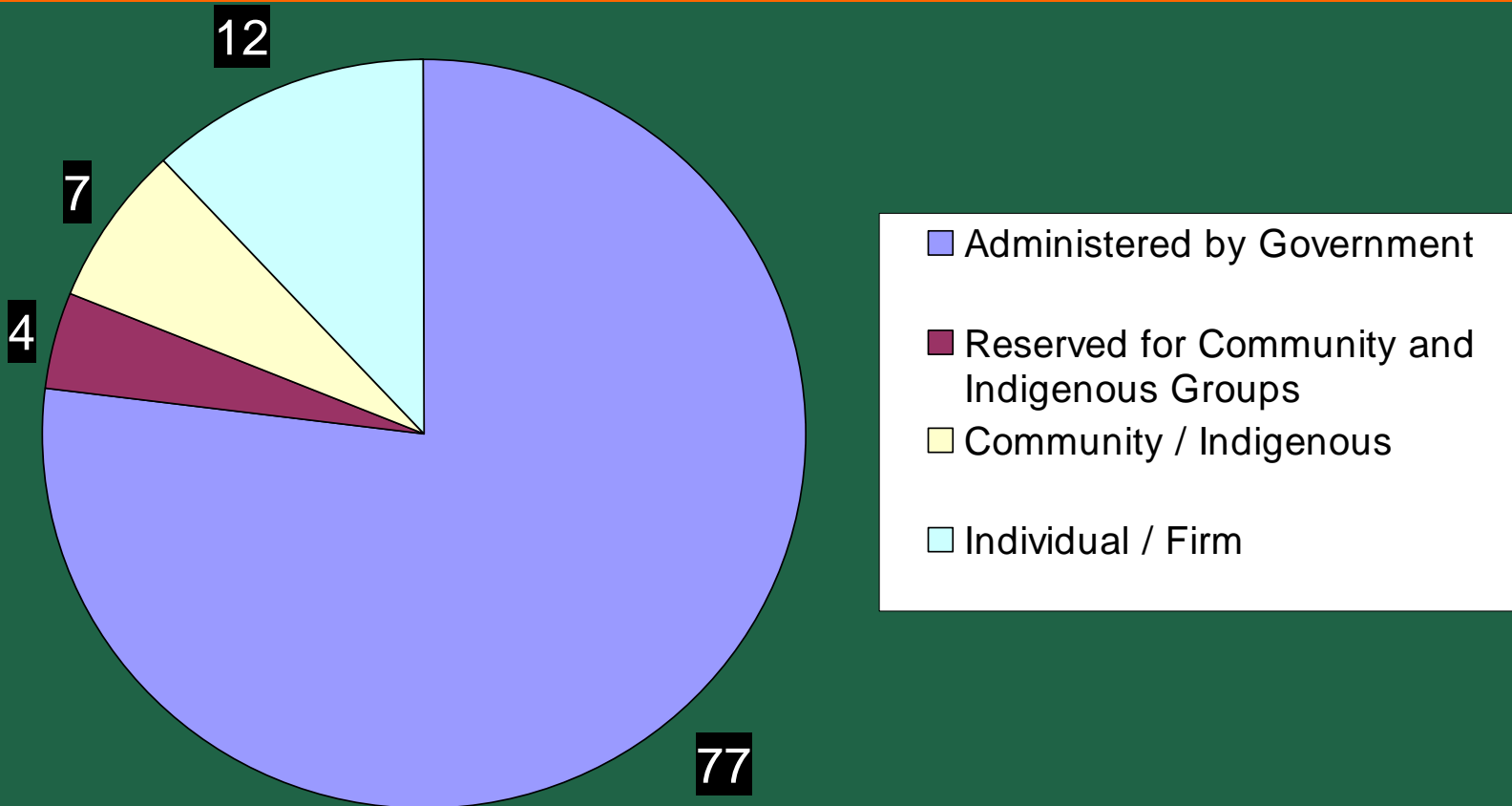


Changing Global Context

- **Industry in Transition**
 - Changing Demand, Supply and Structure
- **Markets in Transition**
 - Growing value of forest ecosystem services
 - Greater accountability
- **Conservation in Transition**
 - Changing objectives and approaches
- **Governance in Transition**
 - Civil Society: New Owners, New Constituencies
 - Government: Redefining roles of public agencies



Forest Tenure Shift in 24 Countries



Total of 24 countries

2,803.2

131.4

246.3

443.0



Dramatic Increase in Community Ownership and Access: Double in 15 Years and May Double Again



Three times what is owned by industry and individuals



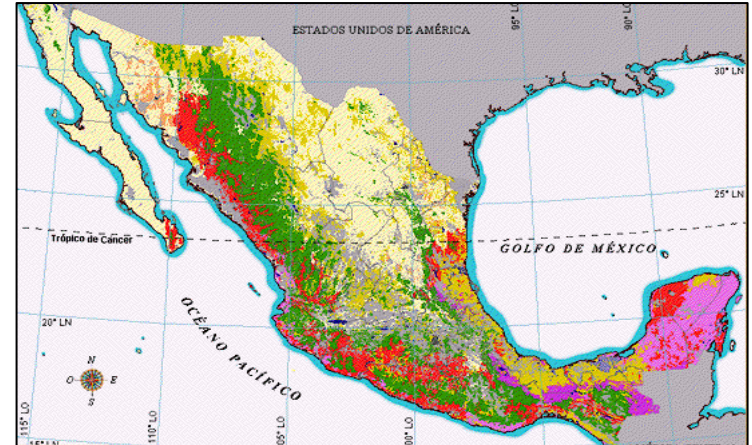
Community Response in Mexico and Central America





The Forest Sector in Mexico (Source: CONAFOR 2002)

- **12 million people live in the forested areas.**
- **43 ethnic groups** (5 million indigenous people) live in forest areas.
- **80%** of extreme poor are **indigenous peoples**
- **50 million hectares** forest; 19 tropical; 27 temperate.
- Mexico is **megadiverse** (6th in world; 3rd in Latin America).
- Annually 600,000 million hectares of forests lost.
- Forest resources can generate **goods and environmental services** (potential water capture is 48 billion m³).





Social Conditions in Forest Regions

(Source: G. Segura, CONAFOR 2002)

Indigenous Communities and Ejidos: 8,420 in the Forested Regions

- 45% indigenous groups.
- 65% have commercial production potential.
- 25% (or 1800 social units) have management plans.
- 5% in which forestry is the primary source of income and employment.





Returns Over 3 Years in Mexico

- Government project of US\$ 10 million supporting community initiatives
 - + 180,000 hectares forest under improved management in Oaxaca
 - + 75,000 hectares in new forest management
 - + 35,000 hectares of comm.protected areas
 - + 1300 permanent community jobs
- Diversification of incomes on pilot basis through tourism and non-timber products
- 500 communities in three states form regional fora for social capital and directing support
- Sustained Natural Resource Asset Base



Economic Advantage of Community Timber Enterprises

- Generate local **employment** with skills training and support
- Absorb start-up costs socially enabling creating **diversifying** into **non-timber and tourism**
- Investment of profits in social and human **infrastructure**
- Reduce burden on state of forest protection and oversight
- Economic activity creates new state **revenue streams**
- **Fire control** and management





Community Conservation in Guatemala

*Concesiones
Comunitarias*



Source: Marcedonio Cortave, ACOFOP, Hondurasworkshop 2004.



Guatemala Peten Experience 23

Community Concessions

- **450,000 has. of community forest in the Mayan Biosphere; 332,000 has. certified**
- **More than 14,000 people directly benefited from the activities**
- **More than 70,000 people benefited indirectly**



- *CFEs have developed community **technical capacity**.*
- *In 2003, Peten generated **US\$ 387,000 in fiscal revenues to the State**.*
- *CFEs invested **US\$ 140,000 in fire control and management**.*
- *CFEs invested **US\$ 136,000 in vigilance***
- *CFEs link biodiversity conservation to livelihoods.*



Source: Marcedonio Cortave, ACOFOP

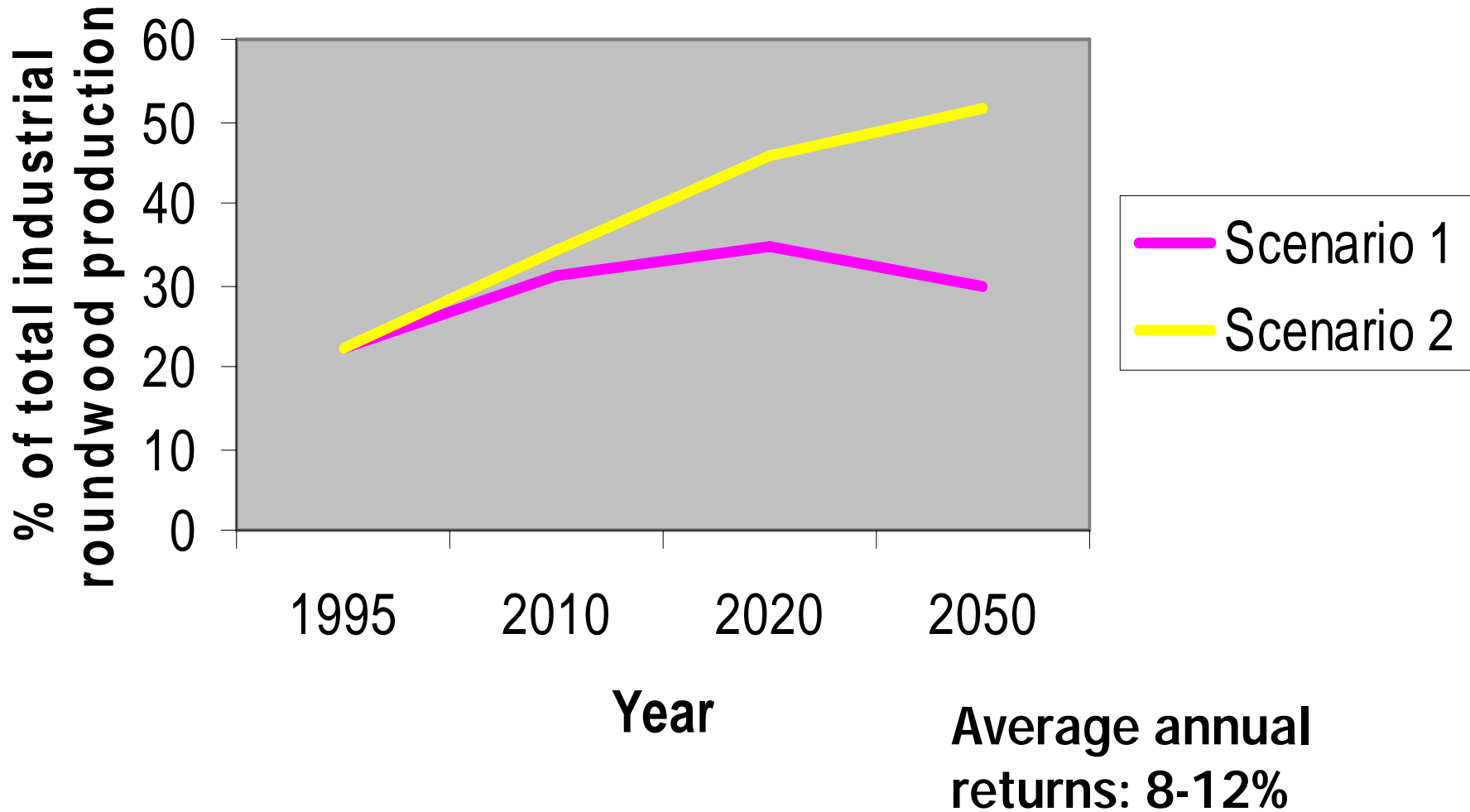


Industry Transition in Supply and Demand





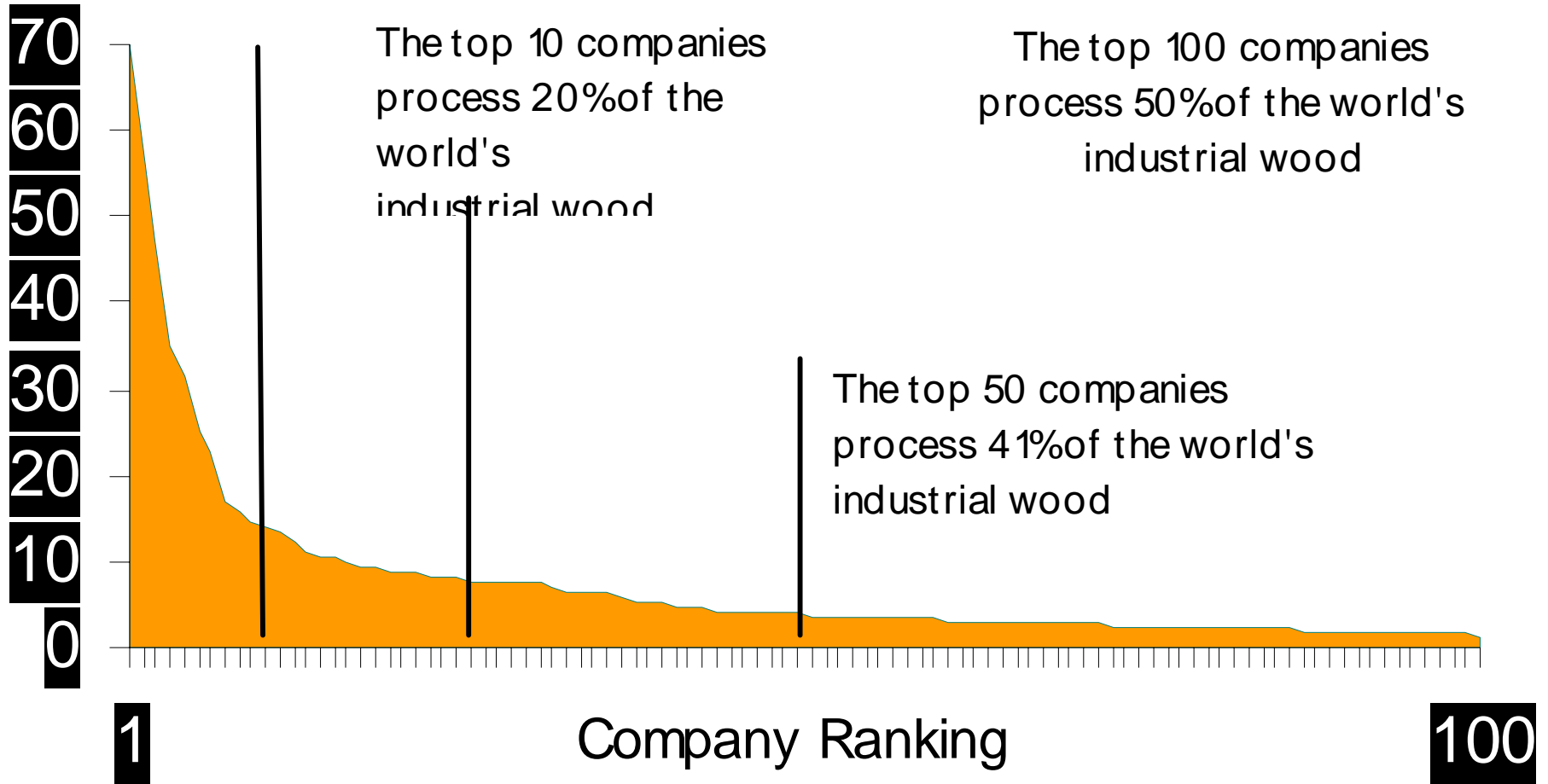
Changing Source of Supply: Plantations





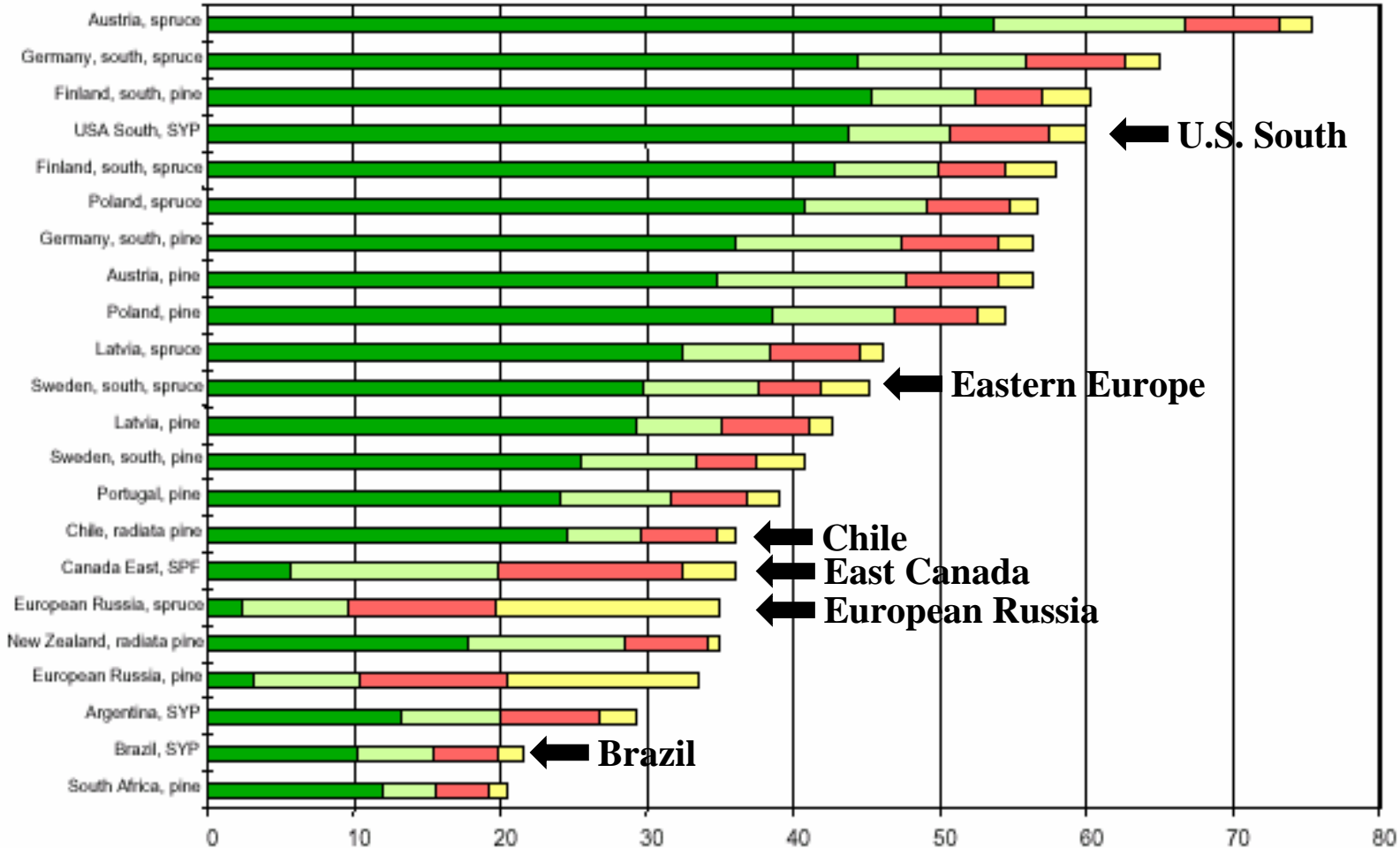
Industry in Transition: Consolidation

Million m³

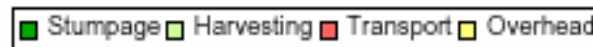




U.S. has Some of the Highest Log Costs in the World



- Softwood sawlog cost at mill in 2002, EUR/m3 sob -

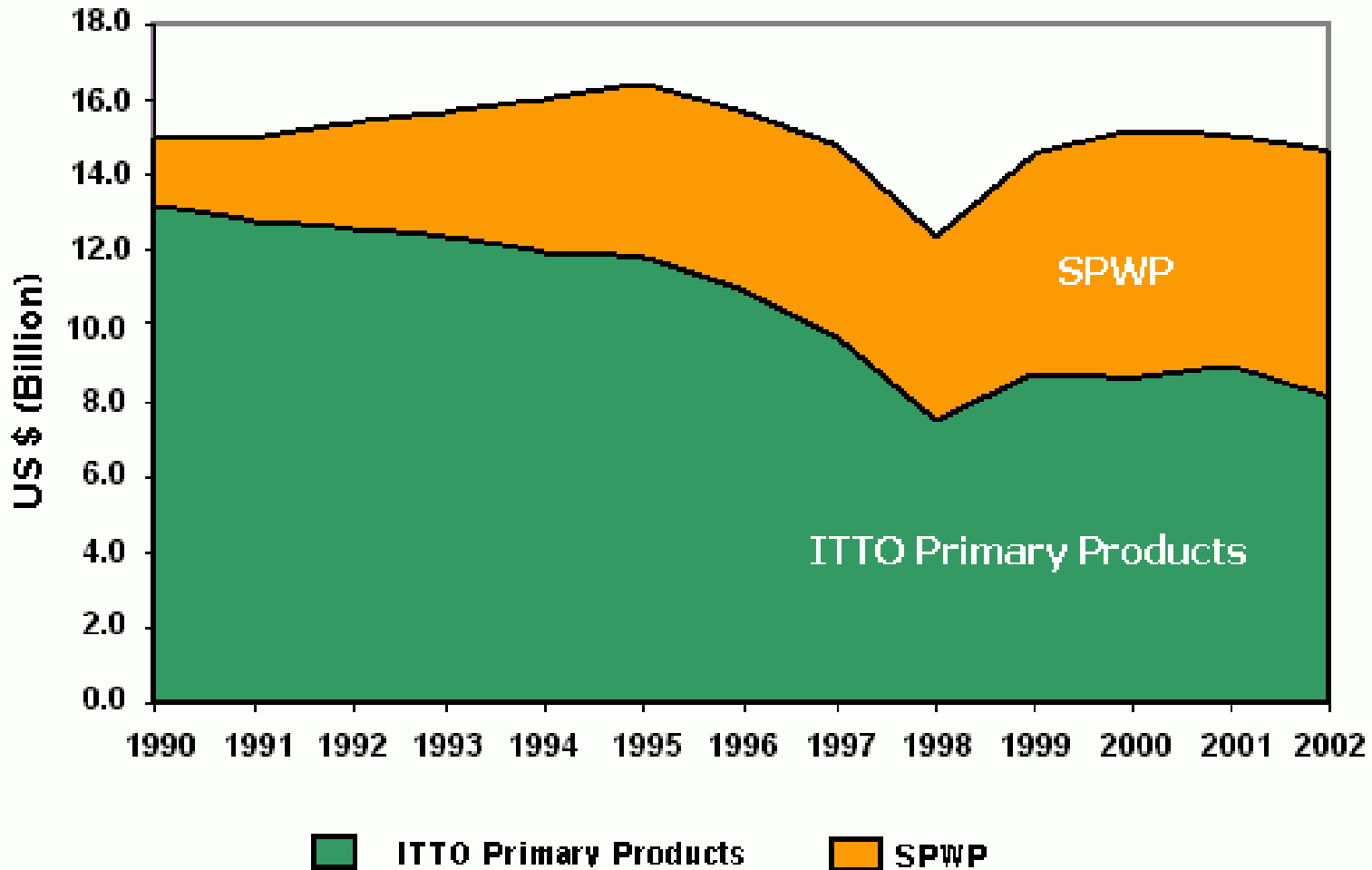


JAAKKO PÖYRY

Jaakko Pöyry Consulting



Trade of Primary and Secondary Tropical Timber Products



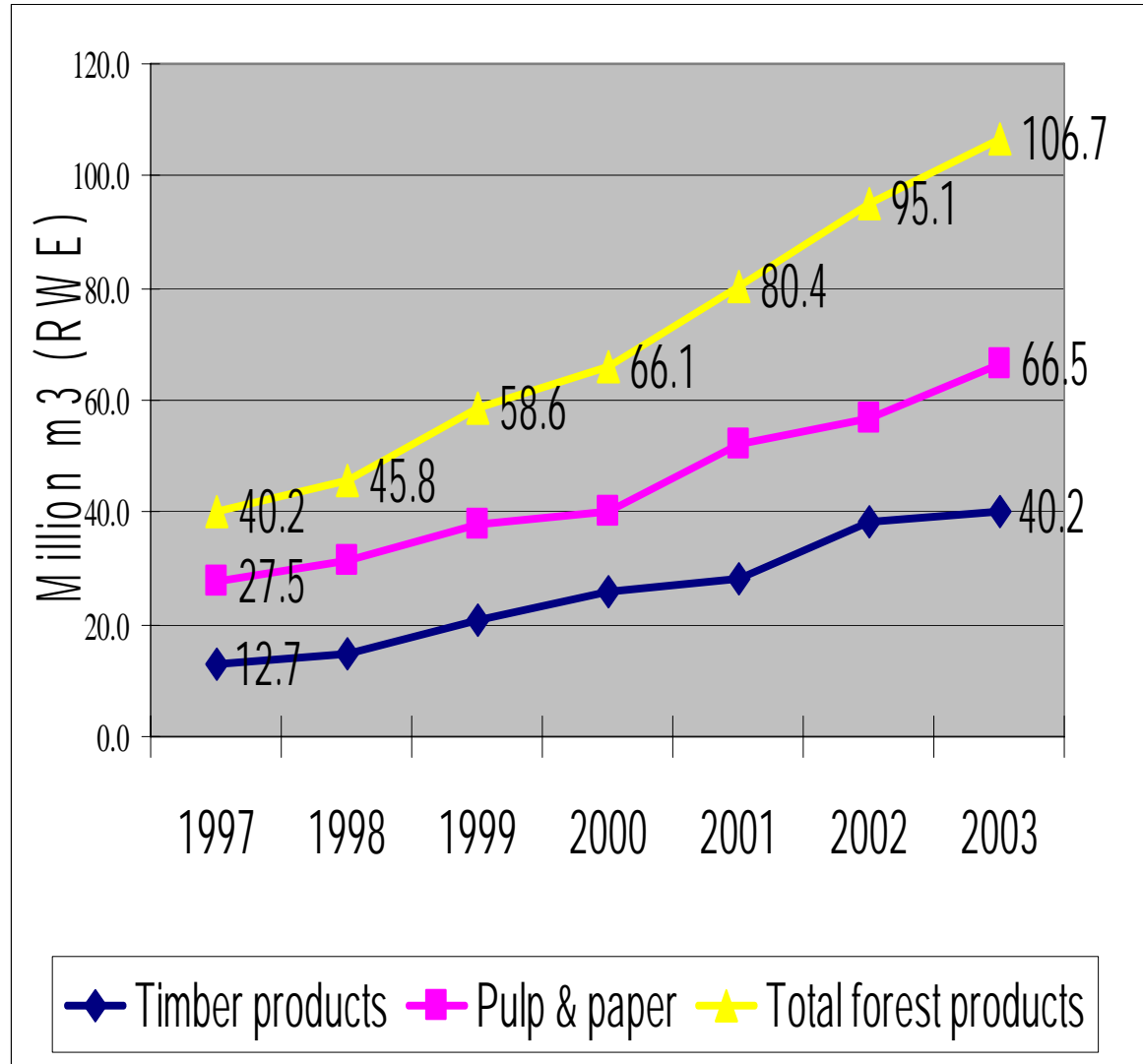
Primary products of ITTO= (plywood, sawnwood, veneer, logs, furniture, moulding, woodwork, etc)

SPWP= (secondary processed wood products)



China: Rising Wood Imports

- **Timber imports increase 23% in one year alone (1998-1999)**
- **Suddenly the world's leader in wood imports-from 7th to 1st in last 7 years**
- **Wood sourced from all over the world; leading tropical wood importer**





Non-Wood Forest Products in Community-Administered Forests: Examples

	Brazil	USA	Canada	India
Indigenous and extractive reserves; JFM/CFM	X			X
Changes in concession policies to recognize multiple products	X	X	X	
Increased interest of cosmetic and other industries in NTFPs	X			X
New enterprises emerge in towns based in NTFPs	X			X
Employment of informal sector marginal and migrant population not in government statistics		X	X	X

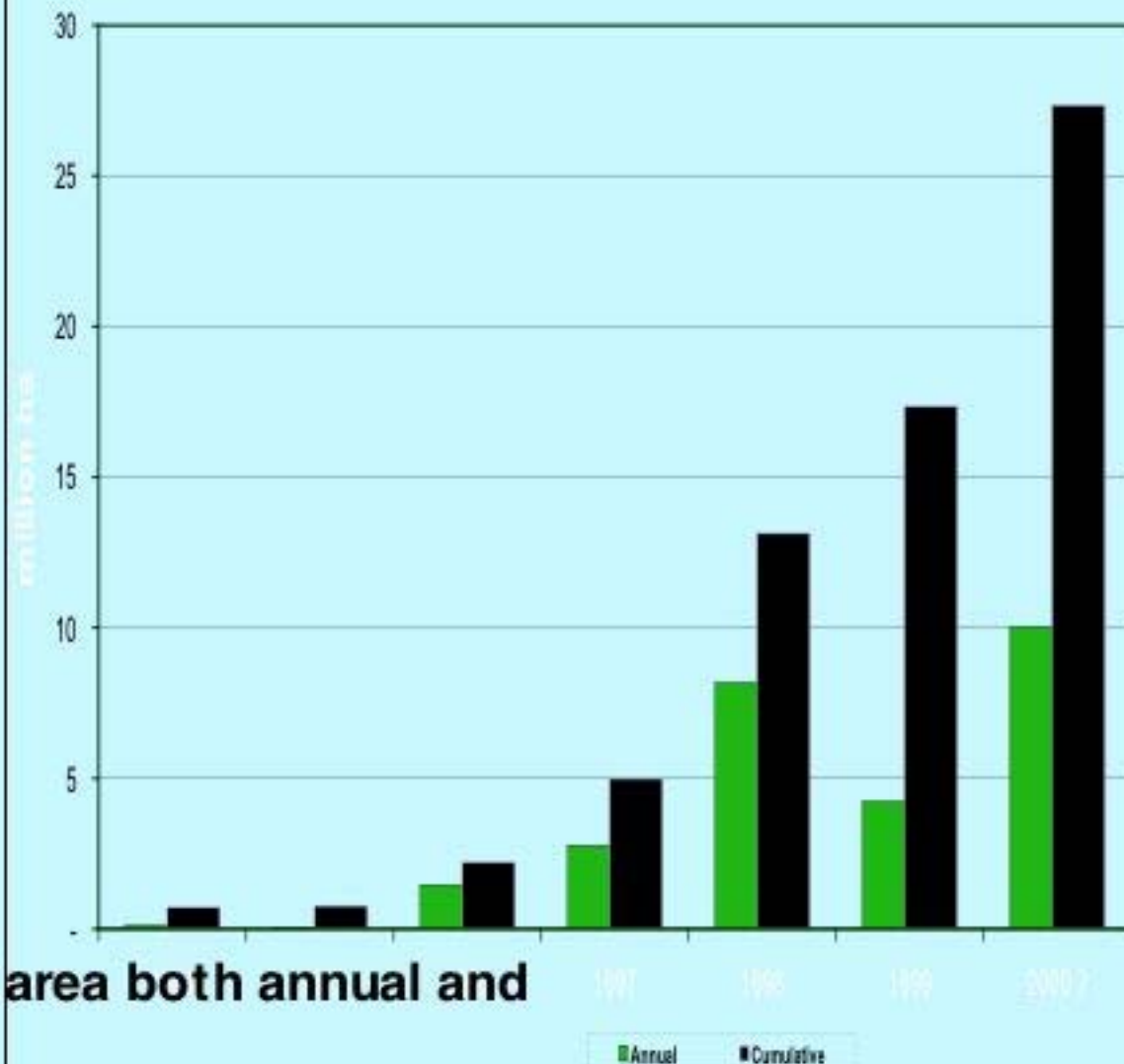


Certification a Growing Industry Standard

- **Worldwide phenomenon that is growing**
- **Promoted by the DIY retail chains: 50% of the supply in the US market.**
- **Buyers groups in 17 countries; producers groups in 4 countries**
- **20 certificates for Chain of Custody in China**

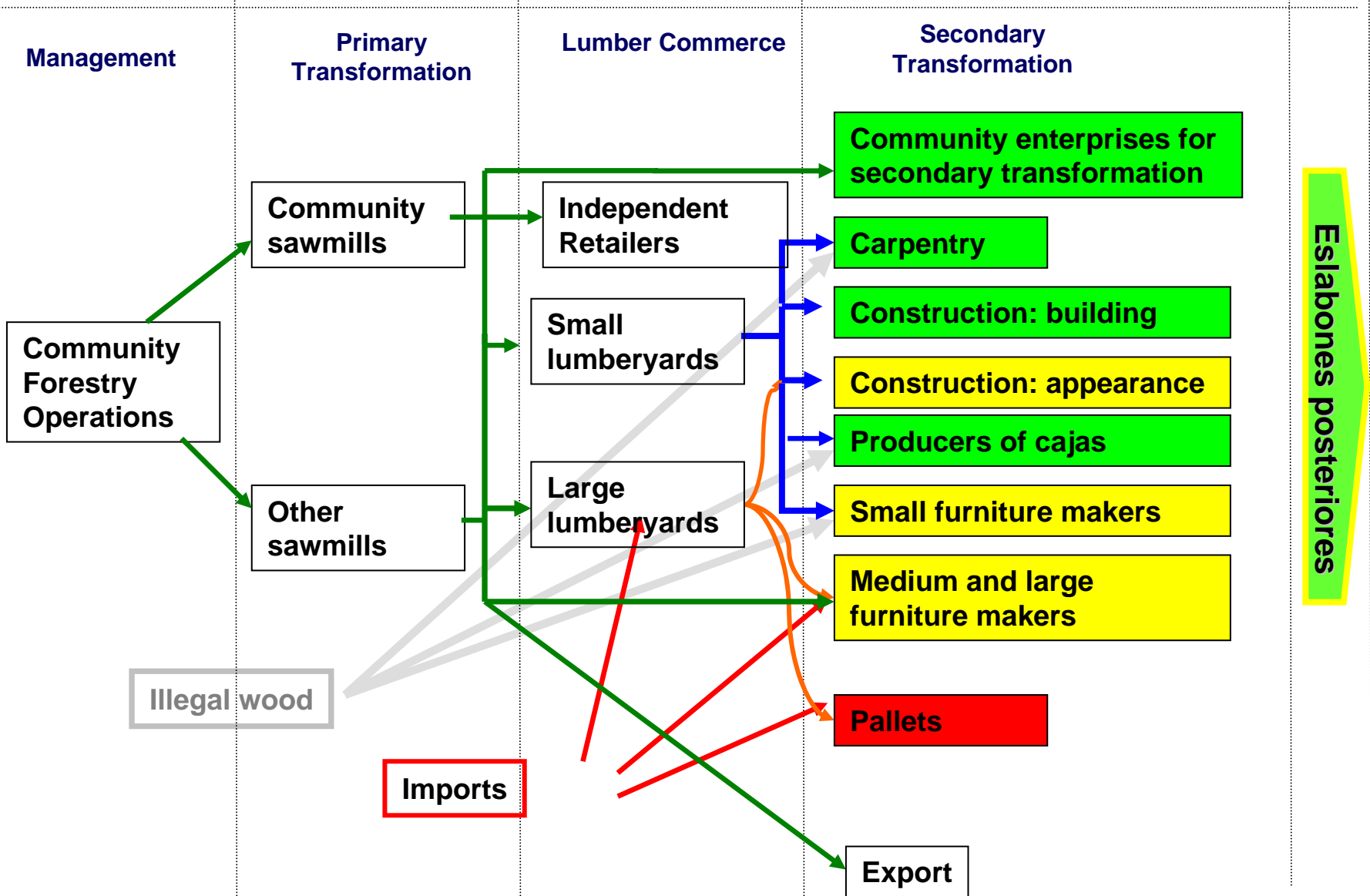
FSC certified area both annual and cumulative

Growth in certified forests area





Pine Lumber Commodity Chain in Mexico





Comparison of Market Segments

Opportunities for Mexican Pine:

- Furniture (Rustic, upholstered, visible wood)
- Carpentry/production of crates
- Appearance grade construction materials
- Tool handles
- Cabinetry
- Flooring and veneers

IF CAN IMPROVE QUALITY AND DELIVERY OF PRODUCT

Segments dominated by Chilean Pine or other replacement materials:

- Pallets
- Scaffolding
- Railway ties
- Export Furniture



Barriers Versus Enabling Conditions for Communities

- ***BARRIERS***

- High cost of regulation
- High transaction cost of permits
- SME taxation rules
- Lack sources of capital and credit
- Cultural and social barriers for managing social business

- ***ENABLING***

- Community standards
- Simplify permits & FMPs
- Maximize long-term revenue from SMEs
- Develop skills and business capacity
- Horizontal exchange of information and ideas
- Promote company-community partnerships



How Can Countries Best Support Community Responses?





Forest Regulations Have Failed to Address the Real Problems

- **The typical reaction to degradation and deforestation has been more laws and more regulation. Agencies make more "command and control" efforts**
- **But the problems go beyond simply applying the law as legal and policy frameworks are a problem in themselves**
 - **Laws are not practical and cannot be followed**
 - **Laws are unjust, inequitable, and discriminatory to poor**
 - **Laws are inefficient**
- **The State cannot possibly control the myriad number and types of actors with its limited powers and coverage**



General Findings to Date

- Role of the federal forest agency and government is changing in many countries
- Tenure is an important element of long-term trust
- Communities generate different economies and the old formulas miss poverty reduction potential
- There are other pro-poor models of conservation than public protected areas or state owned forests Regulations that needlessly exclude the poor are counter to environmental goals.
- Forest product markets knowledge for local people; generate and disseminate market information.



Questions for Discussion

- What is the role of policy as an enabling condition for community enterprises?
- What are the market opportunities for small-scale community enterprises?
- Where does “ecolabelling fit in?
- What is the role of tenure reform for pro-poor forestry?
- What are effective means to build capacity for sustainable enterprises and equitable forestry?
- Roles of NGOs, government, private sector, community organizations?



**THANK
YOU**

For More Information Visit:
www.forest-trends.org