Unlocking the potential of community timber

The experience of the FAO-EU FLEGT Programme
Growing international and domestic demand for tropical timber has resulted in critical wood supply gaps for many tropical timber-producing countries, in some instances linked to a surge in illegal logging. For example, in Cameroon, the Center for International Forestry Research (CIFOR) has estimated that upwards of 75 percent of timber sold in the domestic market is illegally sourced (Lescuyer et al., 2017). In Peru, the United States Forest Service estimated that 37 percent of legal timber flows were actually of illegal origin (Santamaría et al., 2020). Growing shortages of legal timber require exploration of alternative sources of legally produced timber.

Community-based forestry, or simply community forestry (CF), is recognized as a potential source for boosting the supply of legal timber on the domestic markets of tropical timber-producing countries. Community forestry refers to initiatives that encompass the management of forest lands and forest resources by or with local people, individually or in groups, on a range of tenure types, including private lands, communal lands or state lands and for commercial or non-commercial purposes (FAO, 2015). The institutional arrangements found in community forests allow forest-dependent communities to be involved in decision-making, empowering them to "contribute
knowledge and labour to achieve healthy forests and social well-being” (Danks and Fortmann, 2004). While the current size of output, and issues concerning product standardization and quality, may at present prevent timber produced by communities from accessing international markets, it can suitably meet national or local needs for furniture, handicrafts and construction.

According to the Rights and Resources Initiative, in 2017, Indigenous peoples and local communities legally owned over 447 million hectares of forest, with a further 80 million hectares held through legal designation, representing 14 percent of the global forest area (Ginsburg and Keene, 2018). Many countries have signalled their support for community management of forest resources through national commitments. For example, Viet Nam exceeded its 2020 target of placing 4 million of its 32.9 million hectares of total forest area under the direct ownership of local people (RECOFTC, 2020). Meanwhile, neighbouring Cambodia has committed 2 million of its 18.1 million hectares of forest to CF by 2029. While an important milestone, these commitments are only effective when communities are equipped with the necessary skills to manage forest resources effectively.

Enabling the legal harvest and production of CF timber and forest products has potential trickle-down effects on livelihoods and the development of forest sector micro, small and medium enterprises (MSMEs) throughout the supply chain, as CF timber is often one of the most affordable and viable sources of timber for MSME artisanal millers and processors. This is especially true in countries where timber is allocated through state-run tender systems that have traditionally priced timber beyond the reach of MSMEs, such as Myanmar and Lao People’s Democratic Republic. Even in countries where these systems are not in place, CF timber remains an attractive option.

For forest-dependent communities, community forests provide a range of tangible benefits that contribute towards community development and resilience, from natural assets, such as timber and non-timber forest products, to financial assets generated through the sale of these products. A study by RECOFTC in Asia during the first year of the COVID-19 pandemic revealed that these assets contribute towards community resilience during crises and that they most often benefitted the poorest community members (Shanahan, 2021).

Since 2016, as part of broader efforts to implement the European Union’s (EU) Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan, the FAO-EU FLEGT Programme (hereafter the Programme) has supported 24 projects in ten countries, worth USD 2.27 million, seeking to support CF, with a focus on the production of legal timber for the domestic market and boosting the forest management capacities of communities. The Programme has witnessed how CF can sustain livelihoods for forest communities and forest sector MSMEs, while meeting domestic market needs for legal timber. According to RECOFTC, in one village in Lao People’s Democratic Republic, the sale of planted teak timber generated over USD 30 000 over three years (Shanahan, 2021). However, this potential is not currently being met in many countries due to legal and market constraints and weak governance in the sector. This brief seeks to share the experience accrued across Asia, Africa and Latin America in addressing and overcoming the challenges to CF, faced in legal frameworks, market access and capacity building.
This section presents some of the barriers to the commercialization of CF timber and actions taken by the Programme and partners to unlock them.

Legal pathways to commercial timber harvesting are inexistent or too complex

Community forestry is often presented as a tool to stop forest degradation and promote reforestation. Forest administrations often only envisage or authorize subsistence-level harvesting, not commercial harvesting, frequently with relatively small or degraded areas being handed over to communities. As such, legal frameworks must be adapted to enable timber to be harvested and make community forests a more viable instrument to help lift people out of poverty.

Unclear or burdensome legal frameworks are a significant and frequent barrier to legal timber harvesting within community forests. In many cases, these are regulated through similar legal frameworks to those that apply to large industrial forest companies. Given the different capacities of these two types of operators, there is a need for differentiated requirements that meet the capacity and resources of forest communities, enabling them to operate legally. Even in countries with well-established CF mechanisms, the process for harvesting CF timber is often unclear or not defined at all. As a result, complying with forestry regulations is often near impossible or resource-intensive as communities have to navigate complex bureaucratic structures and processes. There is a need to revise or further define these harvesting regulations before they can be applied effectively. In some instances, communities unable to meet legality requirements risk losing their rights over forest areas altogether, depriving them of the opportunity to benefit from their resources and jeopardizing livelihoods.
Limited competitiveness of community forestry timber

Legal production of CF timber generates costs at both the supplier and buyer level. At the community level, there are upfront costs, such as fees for the issuance of certificates and permits, which some communities often cannot afford. Legal production also generates indirect costs related to the process of obtaining legal permits and certifications, such as the cost of transport to travel long distances to a central Ministry office and accommodation. In some cases, additional informal or illicit costs are further required to complete the process. Harvesting CF timber can also depend on meeting requirements for free, prior and informed consent (FPIC) and existing social safeguards. In many cases, organizing and running village-wide negotiations and consultations generates high costs, including catering and financial contributions to community development projects. According to a partner in Cameroon, the expenses related to the formalization of harvest contracts, including negotiations, can total between USD 1,480–2,220 per contract, which many communities and operators do not have available.

Community forests are often characterized as producing lower or irregular volumes of timber with less mechanized processes, which can inflate the cost compared to other sources. From a buyer’s perspective, costs incurred related to the frequent remoteness of community forests, the inability of the supplier to transport harvested timber to the buyer and to deliver on large-scale orders all inhibit willingness to use CF timber. While these challenges can be overcome where the buyer is committed to using CF timber, industrial timber often is more appealing due to its relative ease of access and ability to be produced at a guaranteed volume and quality.

The factors outlined above can undercut the competitiveness of CF timber and disincentivize its use. Reducing costs associated with producing and trading in CF timber would boost domestic timber supplies. For example, in the Philippines, Programme partners utilized government support to purchase a truck to transport timber...
themselves. By enhancing the marketability of CF timber, the benefits would be felt throughout the supply chain, allowing smaller processors to access more timber, and not be squeezed out of the market by larger producers.

Limited institutional strength and technical capacity

A core challenge that underpins both the ability of community forests to comply with legal requirements and access markets is their limited technical capacity compared to industrial producers. Even in cases where communities are aware of the regulations in place, they may not have the skills or resources to comply with them. A common example is developing forest management plans – a pre-requisite to community forest registration in many countries – which community forests are often unable to produce without external technical assistance. When implementing the management plan, communities mostly work with outdated equipment, owing to poor cash availability within the business, which can affect the quality of their production.

Further, many communities lack the skills and knowledge to negotiate business deals effectively and do not have access to necessities such as bank accounts. For example, in Cameroon, community forests are paid up to five times less than industrial producers for the main commercial species due to a lack of business negotiation skills to set a fair price that allows sustainable commercial activities and improves livelihoods. Empowering communities to play an active role in negotiation processes and equipping them with business management skills allows them to better meet market demands and increases their credentials.

Institutional weaknesses can be a serious challenge to legal production in community forests. Governance within the communities is often ineffective, suffering from a lack of participatory decision-making processes,
regular interpersonal conflicts and occasional financial mismanagement. These underlying governance challenges need to be addressed before compliance with legal requirements is achieved.

As community forests are often small and remote, the level of support (e.g. in-person capacity building) available to them can be limited, impacting the reach of government services and the level of engagement by civil society organizations (CSOs). Therefore, identifying ways to establish practical linkages between community forests and governments or CSOs remains critical for increasing the capacity of community forests to meet market demands. According to RECOFTC, these links would also help boost government data on poor and vulnerable people and improve the ability of governments to reach those in need of support (Shanahan, 2021).
### Examples of actions taken to overcome barriers

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<th>Country / Partner</th>
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<td>Gabon (KEVA)</td>
<td>The legal framework governing community forests contained gaps (i.e. insufficient consultations with communities when permits were awarded and when management plans were developed, no benefit-sharing mechanisms, weak framework for timber harvesting by a third party). Community forests were unable to fairly engage in these frameworks.</td>
<td>KEVA trained 50 community forest representatives on the legality definition, rules governing community forest-award procedures, rules relating to the acquisition of timber harvesting rights and rules concerning controls and sanctions. The Programme supported the CF directorate within the Ministry of Water, Forests, Sea and Environment to develop a national strategy for CF, drawing upon the information collected within the project implemented by KEVA.</td>
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<td>Guyana (GFC &amp; EPA)</td>
<td>In Guyana, community forest organizations (CFOs) needed to comply with fiscal and social protection obligations, such as corporation and income tax requirements, the National Insurance and Social Security Act and labour laws. Compliance rates have historically remained low, and those who do not comply cannot harvest timber and risk losing access to their concessions.</td>
<td>GFC and EPA promoted compliance by allowing on-the-spot registrations and simplified the process by recognizing CFOs which had already begun the compliance process. As a result, the number of CFOs that have entered the Environmental Authorization compliance process to harvest timber legally increased from 7 percent to 46 percent of CFOs in Guyana.</td>
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<td>Honduras (ICF)</td>
<td>In Honduras, 33,000 hectares of forest were assigned to local communities; however, many communities were unaware of the process towards regularizing this land, which involves registration with relevant authorities and formalization of operations.</td>
<td>ICF held several workshops in six areas to explain to local communities the importance of regularization and guide them through the regularization processes so that they have secured rights over their land and can manage forest resources efficiently, legally and responsibly. ICF also supported local authorities in the process of regularizing land assigned to local communities.</td>
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<td>Myanmar (FFI)</td>
<td>The revised 2019 Community Forestry Instructions allowed commercial harvesting of CF timber. However, guidance at the village level on obtaining necessary approvals to undertake harvests was missing. The ability to legally harvest CF timber for commercial purposes is essential considering the difficulty small operators face in sourcing legal wood through the state's official auction process.</td>
<td>FFI drafted Community Timber Legality Operational Procedures, providing clear guidance on how to harvest and legally trade timber from licensed community forests on the Myanmar timber market. FFI piloted these procedures in two community forests.</td>
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<td>Thailand (RECOFTC)</td>
<td>There was no clear legal guidance for smallholders operating on public lands such as Sor Por Kor (agricultural land reform land) or Kor Thor Chor (communal land titles issued by the National Land Committee) on the legal harvesting of the trees they planted. Consequently, many local communities were deprived of incentives to grow and sell legal timber.</td>
<td>RECOFTC advocated for legal clarity across a number of projects through pilot testing, developing supply chain-control mechanisms and raising awareness of this issue through the FLEGT VPA process. As a result of this work, a pathway towards legal harvesting for some land tenure types (i.e. Sor Por Kor land) was established.</td>
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<td>Cameroon (ASD)</td>
<td>Community forests had difficulty finding buyers for their timber due to the lack of trust towards CF.</td>
<td>ASD guided small operators through the process of establishing commercial partnerships with logging licence owners to secure their legal supply of timber, highlighting the value of purchasing CF timber. As a result, 11 SMEs purchased legal timber from 14 community forests.</td>
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<td>Cameroon (FECAPROBOIS)</td>
<td>Historical issues relating to insufficient business skills, limited production capacity and governance problems within community forests negatively impacted the image of CF amongst buyers.</td>
<td>FECAPROBOIS created a legal timber cooperative to purchase legal timber and brought together community forests and cooperative members, resulting in business agreements and the purchase of 20 cubic metres from one such forest in Lomié in 2017.</td>
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<td>Colombia (RED FAISAN)</td>
<td>Colombian string instrument craftspeople, luthiers, have traditionally relied on specific species of wood. Community forests which generally lack these species were therefore excluded from this potential market.</td>
<td>RED FAISAN identified eight different wood species grown in community forests with potential use in instrument production and established partnerships between string instrument producers and forest communities.</td>
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<td>Myanmar (FFI)</td>
<td>CF timber did not meet the requirements of 5 ft. girth and 18 ft. length prescribed by state-owned mills in Myanmar.</td>
<td>FFI conducted a market survey that found that 100 percent of local sawmills, not bound by the same requirements as state-owned mills, were willing to purchase the smaller-sized CF timber over state-owned mills’ timber, identifying alternative markets for CF timber.</td>
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<td>Cameroon (SAILD)</td>
<td>Community forests lacked the ability to negotiate timber sales contracts and track timber production. In addition, costs borne by the communities to obtain harvesting certificates were prohibitive, averaging between XAF 940 000 and XAF 1 250 000 (USD 1 700–2 300). As such, previous attempts at creating commercial partnerships between community forests and clients have been unsuccessful.</td>
<td>SAILD supported five community forests by negotiating timber sales, leading to the production and delivery of an initial 60 cubic metres of timber. This support and the ability to negotiate better prices for timber offered the communities greater financial assets to afford exploitation certificates. The five community forests also received training on timber traceability in the production process.</td>
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<td>Cameroon (FECAPROBOIS)</td>
<td>Community forests lacked the capacity to undertake technical logging activities in a sustainable way, follow complex processes and establish governance processes within their operations.</td>
<td>FECAPROBOIS trained a group of five timber harvest workers in reduced impact logging (RIL) to ensure best practices when harvesting in CF areas. FECAPROBOIS can continue to work with these third-party workers to ensure that the timber it gets from community forests has been harvested in compliance with the regulations.</td>
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<td>Lao People's Democratic Republic (RRPDA)</td>
<td>Under the Forest Law of 2002, timber from village use forests (VUFs) could only be used in village infrastructure, the repair or construction of homes and for customary use; policy revisions independent of the project now allow the commercialization of VUF timber, but implementing regulations are needed.</td>
<td>RRPDA designed an appropriate supply chain control mechanism for VUF timber, which could enable it to be traded commercially if the Forest Law’s underlying regulations are revised. RRPDA’s experiences were put forth to government for consideration in revising these regulations.</td>
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<td>Liberia (FCI)</td>
<td>Community forestry management bodies (those officially authorized by the government to manage their forest resources) lacked knowledge of roles and responsibilities of CF under the Liberia Community Rights Law and sustainable CF management practices, as well as technical skills on timber yield calculation and land rental fees, conflict resolution and negotiation skills.</td>
<td>FCI’s hands-on training enabled roughly 500 members, both women and men, from community forestry management assemblies (CFMAs) and community forestry management bodies (CFMBs) to effectively participate in forest management decision-making. The training sessions also provided the members with tangible skills for negotiating with private-sector forest concession holders on issues of benefit sharing.</td>
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<td>Liberia (SDI)</td>
<td>The members of the National Union of Community Forest Management Bodies (NUCFMB) lacked the technical capacity to negotiate commercial logging contracts with third-party and logging concessions by using commercial use contract templates developed for this purpose.</td>
<td>SDI organized awareness-raising and training sessions for an estimated 753 CF members on key legal issues pertaining to the exercise of their CF rights (i.e. granting of FPIC, as well as the capacity to sign commercial use contracts). The training also included skills transfer on record- and bookkeeping issues and documenting financial transactions to increase transparency around forest production data and benefit generation.</td>
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<td>Liberia (NUCFDC)</td>
<td>Forest communities lacked the knowledge and skills to effectively monitor timber extraction and production, leading to reduced revenues from the use of forest resources on community forest land.</td>
<td>NUCFDC developed a community-focused training programme and materials on the code of forest harvesting practices, training 30 forest communities in financial and project management, as well as forest harvesting and production monitoring through a combination of training and peer mentoring.</td>
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<td>Myanmar (FFI)</td>
<td>Community forests could not undertake complex forest management related tasks, such as forest inventories, without the assistance of technical experts or external assistance.</td>
<td>FFI developed simplified inventory mechanisms and methods to identify trees for harvest, which communities can easily undertake themselves. FFI trained an initial six communities during the project.</td>
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Creating legal pathways to commercial timber harvesting

While efforts to simplify and reform legal requirements for CF timber production have either been slow or unsuccessful, progress can be achieved by educating communities about the legal requirements and turning governments into "partners" in creating pathways to legal harvesting. Examples of specific successful actions are presented below.

Provide community forests with partners to help them navigate complex requirements to legal operations. The Guyana Forestry Commission (GFC) has taken a lead role in supporting CFOs to become legally compliant. Previously, they struggled to get CFOs to complete their registration with the National Insurance Scheme (NIS) and the Guyana Revenue Authority (GRA) to fulfil their social and fiscal obligations. To address this, GFC brought registration forms to the site and informed communities in advance of documents they would need to register. Partnering with the Environmental Protection Agency (EPA), they helped trainees fill out paperwork to complete their Environmental Authorizations. In addition, community leaders can now register individuals on their behalf. In a single trip, one leader can register around 40 people, saving time and transport costs. These measures to facilitate registration are critical but simple steps for supporting the legal compliance of operators who are hard to reach, do not have the resources to travel and struggle to understand complex legal documents. As a result, the number of CFOs that have started...
the Environmental Authorization compliance process has increased from 7 to 46 percent. In addition, the number of CFOs which have entered into the GRA compliance process and the NIS compliance process rose from 0 to 29 percent, and from 0 to 32 percent, respectively.

Conduct piloting efforts that provide "proof of concept" on how to navigate complex tenure regimes to promote CF timber production while protecting forests. In Thailand, a Ministry of Natural Resources and Environment (MONRE) Declaration was issued in late 2020, removing restrictions for harvesting all planted timber species on Sor Por Kor land – an agricultural title document through which government-owned land is transferred to poor or landless families. This decision came after years of RECOFTC work in Sor Por Kor areas to demonstrate potential supply chain-control mechanisms, providing proof of concept that smallholders holding Sor Por Kor land can produce traceable, legal timber. Improving the competitiveness of community forestry timber.

Recognizing this, Fauna and Flora International (FFI) conducted a survey of local mills in Kachin State and found that 100 percent of processors were willing to purchase legal CF timber despite the smaller sizes. This indicates that identifying alternative buyers for CF timber is a viable option for addressing both demand- and supply-side challenges through creating new linkages.

Enable third-party organizations, such as CSOs, to play a central role in connecting community forests and prospective buyers. By facilitating partnerships with purchasers in Cameroon and Liberia, Programme partners guided community forests through market analysis, client research and business negotiations. It is expected that once the example has been set, future partnerships will be easier to establish.

Conduct research and experimentation with lesser-used species to create markets for species grown within community forests. Commercially desirable species may not occur in large quantities within the forests managed by community forests. Alternative species – also known as "lesser-used species" - can be harvested to supply domestic markets, but there is a need to research their woodworking properties before processors can use them. In Colombia, the Network of Musical Instrument Manufacturers of Santander (RED FAISAN) established linkages between string instrument producers and community forests to increase the volume of timber available for guitar production. The instrument producers were able to use alternative species and explore how the wood species grown by community forests could be used in instruments without sacrificing the quality of sound. In Cameroon, FECAPROBOIS is encouraging its members to use alternative species by educating them about the potential of these species and their characteristics, given that they can be purchased at far lower costs than commonly used species.

Improving the competitiveness of community forestry timber

Even though most buyers find it easier to purchase timber in large volumes from industrial companies, CF timber can fulfil a different market niche by supplying timber to buyers without access to industrially produced timber. Examples of specific successful actions are presented below.

Connect community forests with local forest sector MSMEs who lack alternative sources of raw material. In Myanmar, state mills require that timber meets the minimum requirements of 5 ft. girth and 18 ft. length, which CF timber cannot satisfy.
Form cooperatives or community-based enterprises to provide the structure to allow community forests to operate better in commercial environments. In Thailand, RECOFTC helped to formalize a group of smallholder tree growers into a community-based enterprise (CBE). This enterprise was then legally able to form a business partnership with a national company that purchased timber to build model wooden playgrounds using legally harvested timber. The formal status of CBEs has also allowed enterprises to gain greater support from the government and made funds easier to access.

**Building capacity**

Community forests need a daunting number of forestry and business skills to overcome the inherent logistical challenges they face in producing and supplying legal timber. However, building capacity for external actors and institutions can ensure that a pool of supporters is available to help multiple community forests. Examples of specific successful actions are presented below.

Provide targeted technical capacity building of community forests and external actors in industry best practices, such as RIL and timber volume requirements, to enable community forests to meet market demands for quality. In Cameroon, a network of timber harvesters was trained to conduct logging operations according to RIL practices. Previously, dealers had needed to travel to remote regions to harvest timber themselves. By training a network of harvesters in RIL practices and increasing labour availability and technical knowledge, communities were able to sell harvested timber, and potential buyers no longer needed to fund harvests. Additionally, the process allowed a pool of expertise to be made available to other community forests in Cameroon, and to preserve forest integrity through the use of RIL techniques.

**Strengthen community forest institutions to ensure that projects continue to have an impact long beyond project cycles.** This was exemplified in Liberia, where the Sustainable Development Institute (SDI) trained eight CFMBs on legal rights and negotiations. While only one negotiation took place during the project cycle, the remaining seven communities subsequently renegotiated access deals with logging companies independently.

**Build capacity of government institutions to create an enabling environment for community forests to operate legally.** In Guyana, through consecutive projects, GFC identified the need to equip government employees with the necessary understanding of the specific challenges faced by Indigenous communities. While in Honduras, the National Institute of Conservation, Forest Development, Protected Areas and Wildlife (ICF) trained 82 forestry officials on regularizing ejidal territory assigned to local communities. Previously unclear guidelines and the inability of public authorities to follow and enforce regulations had hampered this process. Clarified procedures and strengthened capacities are expected to allow local communities to secure land rights and follow forest management plans, contributing to sustaining livelihoods through the legal trade of forest products.
CONCLUSION AND WAY FORWARD

Through continued support to projects seeking to both empower community forests and promote the use of CF timber, the FAO-EU FLEGT Programme has assisted in removing some of the challenges outlined above, gaining lessons that could be applied in different contexts to further enable CF timber use. Based on the experience accrued:

- Appropriate regulatory instruments and guidance are needed to provide a pathway for community forests to sustainably harvest timber for commercial purposes. With the right legal framework in place, CF timber production can drive rural development, contribute to sustainable forest management and help supply timber to domestic markets and beyond.

- Continuing and scaling-up piloting efforts of legal CF timber harvests would provide valuable proofs-of-concept to governments that community forests can sustainably and legally harvest their forest resources in accordance with simplified or reduced legal requirements.

- Business skills development is critical for community forests to create and sustain business relationships with buyers of their timber and negotiate favourable arrangements with industrial companies.

- Exploring alternatives to traditional markets such as markets using lesser-used species and emerging public procurement opportunities helps community forests find buyers for their timber and increases timber supply for small-scale operators and forest sector MSMEs.

- Capacity-building efforts also need to target local government officials and institutions to ensure they have a stronger connection with community forests to encourage them to meet legality requirements; where presence and participation of government officials are low, training is less likely to lead to improved legal compliance and strengthening of the CF model. In general, improved governance and transparency are key to the success of CF.

- Natural disasters or global crises – such as the COVID-19 pandemic – provide an opportunity to catalyse legal and policy reviews to identify and address solutions to bottlenecks that prevent community forests from meeting legality and market requirements. Doing this would enable community forests to actively participate in post-COVID-19 economic recovery and improve their resilience to future economic or disaster-induced shocks.
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