

Report finds forest enterprises stifled by red tape, putting forests, incomes at risk

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A new study reports that community forest enterprises represent an invisible investment of US\$2.5 billion in management and conservation in some of the planet's richest forest habitats. This is more than governments in tropical regions spend directly on forest conservation. However, these enterprises are being side-lined in the international forestry arena, putting forests at risk the world over. The report was commissioned by the International Tropical Timber Organization (ITTO), an intergovernmental NGO based in Yokohama, Japan. The report was released today at a conference in the capital of Acre, one of eight states that comprise the Brazilian Amazon.

Employing more than 110 million people worldwide, such community forest enterprises harvest wood on a sustainable basis, and collect bamboo, rattan, fibers, nuts, resins, medicinal herbs, honey, wood for charcoal and other natural products to increase local wealth. At the same time, they are having an important impact on conservation of natural resources, according to the new report, "Community-based Forest Enterprises in Tropical Forest Countries: Status and Potential."

"As the fastest growing segment of the global forest sector, community forest enterprises (CFEs) have the potential to lift millions of forest communities out of poverty," said Andy White, Coordinator of the Rights and Resources Initiative, and a co-author of the report. "But only if they are given secure rights to forest resources and assistance with removing the red tape that impedes progress in almost every tropical region."

The report concludes that the potential for growth of the CFE sector is “huge,” but will require government action to provide clear rights to forest resources for community enterprises, fewer burdensome taxes, greater flexibility in the way rules are applied, rapid approval of applications submitted to relevant agencies, and an end to indirect subsidies to large-scale producers.

Produced for ITTO by Forest Trends and its partners in a global coalition, the Rights and Resources Initiative, the report bases its conclusions on a review of current research and on 20 case-studies of successful enterprises in Africa, Latin America, Asia and the Pacific Islands.

“The report shows that there is a great deal of untapped potential for CFE development in many tropical countries,” said ITTO Executive Director Manoel Sobral Filho. “In the Gambia, for example, 170,000 hectares have been categorized as community forests, but only 13,000 hectares are in the hands of local villagers. In Cameroon, 4 million hectares are designated for communities, yet only 40,000 hectares are approved for legal use.”

Community-based Forest Enterprises: A Growing Force of Conservation

Despite the continuing challenges, CFEs are becoming a significant force, particularly in terms of their impact on the economies of poor nations, according to the study. Communities worldwide now own or have the right to manage 11 percent of the world’s natural forests, and in developing countries, this share rises to 22 percent.

The study suggests that CFEs can generate a wide range of goods and services, while reducing poverty among local populations, and fostering biodiversity conservation and investments in social infrastructure,

including schools and healthcare facilities. Several of the enterprises studied, including two in Mexico and one in the Gambia, reported returns of 10 to 30 percent from forest-based activities.

“This report uncovers something that only a few experts have recognized so far: if allowed to be real players, community forest enterprises can become very profitable, many of them with return rates above 10 percent,” said Sobral. And the growing market for ecosystem services promises even greater returns, he added.

Community enterprises augment local incomes and sustain traditional ways of life by establishing environment-friendly plantations, or by gathering forest products in ways that don’t normally register in national production and trade figures. But they represent significant wealth, all the same. Rattan, for instance, is a forest product that is worth US\$5b in the international markets. An herb used in West African cooking generates US\$220m in Europe and the US, and US\$20m in Ghana. The wood carving industry in Jodhpur, India, generates US\$200m and employs 85,000 people.

Authors of the report argue, however, that much more could be done to support CFEs. Of the 600 million people in Africa, 400 million depend directly or indirectly on the forests. In all, more than 1 billion mostly poor people live within and around the world’s forests.

The authors also found that:

- Illegal logging undermines price structures for forest products and acts as a disincentive for members to remain part of a “legal” organization.

- Too much control by government or donor supporters can stifle the ability of CFEs to develop innovative management.

“The study reflects the experience of communities worldwide,” said Alberto Chinchilla, a founding board member of the Global Alliance of Community Forestry, a worldwide network of community forestry organizations. “A top-down approach on the part of national governments and international NGOs and donor countries has prevented forestry enterprises from thriving. The bottom line is that local communities need to be part of the equation and not just bystanders.”

Among those who rely on the forests for their livelihoods and a significant part of their cash income are indigenous peoples, small landholders, craftsmen and individuals employed by informal forestry enterprises. They are all threatened in their way of life by the destruction of natural habitat.

“In those countries where efforts have been made to reduce barriers and guarantee ownership of forested land, as is the case in Mexico and Guatemala, community-based enterprises soar,” said White from Rights and Resources Initiative, who co-authored the study with Augusta Molnar, Megan Liddle, Carina Bracer, Arvind Khare and Justin Bull and a diverse set of case study authors. “And we’ve found that besides improving income and social cohesion in the communities, these organizations become important biodiversity conservation agents.”

Market Evolution in the Forestry Sector

Growing domestic markets in emerging economies have triggered new demand and new opportunities. China alone more than doubled its imports of forest products in seven years, climbing from US\$6.4b in 1997 to US\$13b in 2004. CFEs now manage 370 million hectares of forest, about 10% of the world’s total. They are expected to jump to

700-800 million hectares in 2015 and reach 50% by 2050, according to estimates from the World Resources Institute (WRI). A growing consumer preference for materials produced in a socially and environmentally sustainable fashion offers a new area for growth, as does interest in services that help the world to combat climate change.

“The market for such services offers new perspectives for equitable payment to local communities involved in the conservation of watersheds and carbon sequestration,” said Chinchilla. “But we need the means to develop this enormous social and environmental potential.”

“And we need people, particularly in the richer countries, to start paying for these global services,” added Sobral. “The benefits in terms of poverty alleviation, forest conservation and community development could be huge.”

Source: International Tropical Timber Organization

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