

TENTH EXECUTIVE FOREST POLICY COURSE

**REVISITING THE POVERTY REDUCTION AGENDA IN THE CONTEXT OF SDGs:
OPPORTUNITIES AND CHALLENGES FOR ASIA-PACIFIC FORESTRY**

15-25 MAY 2017
COLOMBO, SRI LANKA



Commercial forestry and rural livelihoods improvement

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Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH



Pacific Community
Communauté
du Pacifique



ICIMOD



Presentation Outline

- Trends in commercial forestry
- Trends in community forest management
- Enabling conditions (increase in area)
- Barriers (commercial timber production)
- Models of commercial community forestry
- Case Studies + Discussions
- What are Voluntary schemes doing?
- Recommendations



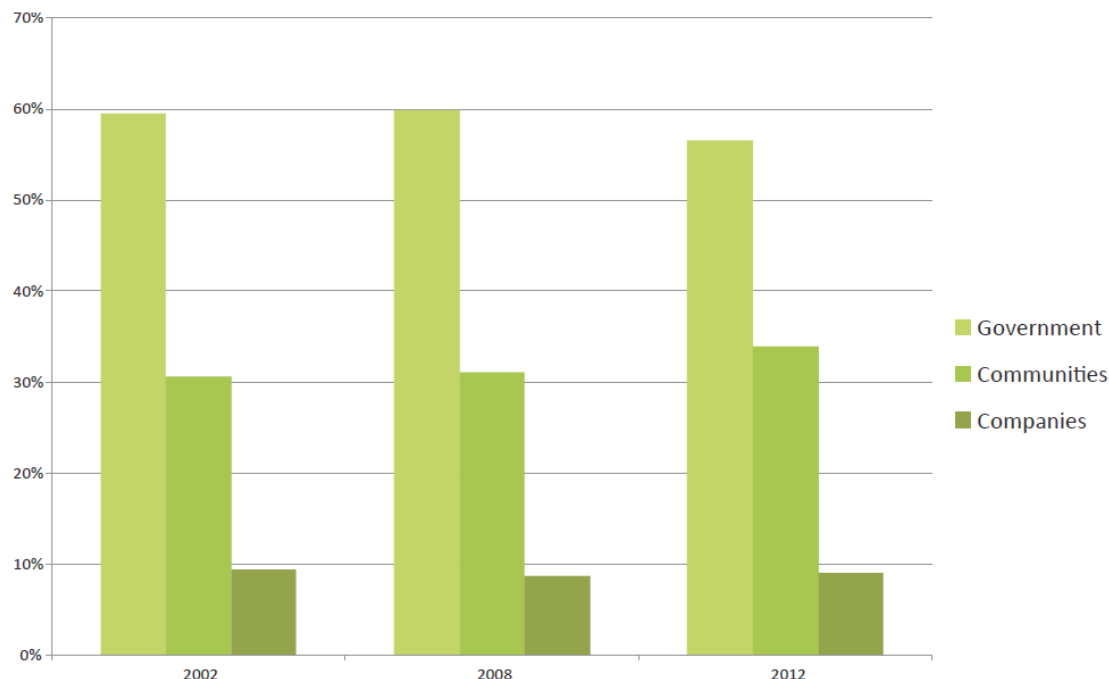
Trends in commercial forestry

1. Global production of all major wood products **grew for the 6th consecutive years** in 2015
2. **Global demand predicted to tripled** by 2050 - industrial wood
3. Economic status of natural forests has generally declined
4. **Increase in the role of plantations** (projected at 300% over next 30 years)
5. **32% productive plantations globally managed by communities**
 - 95% of Thailand's eucalypt plantations on private lands
 - 85% of India's commercial wood on farms
 - 3 million hectares (equivalent) grown by Indonesian smallholders
 - 1.7 million hectares (equivalent) of eucalypt smallholdings in China
6. In 2010 about 12.7 million people were **employed** in forestry and logging (full-time equivalent), 79% are in Asia



Trends in community forestry

Who is managing forests in the AP region?



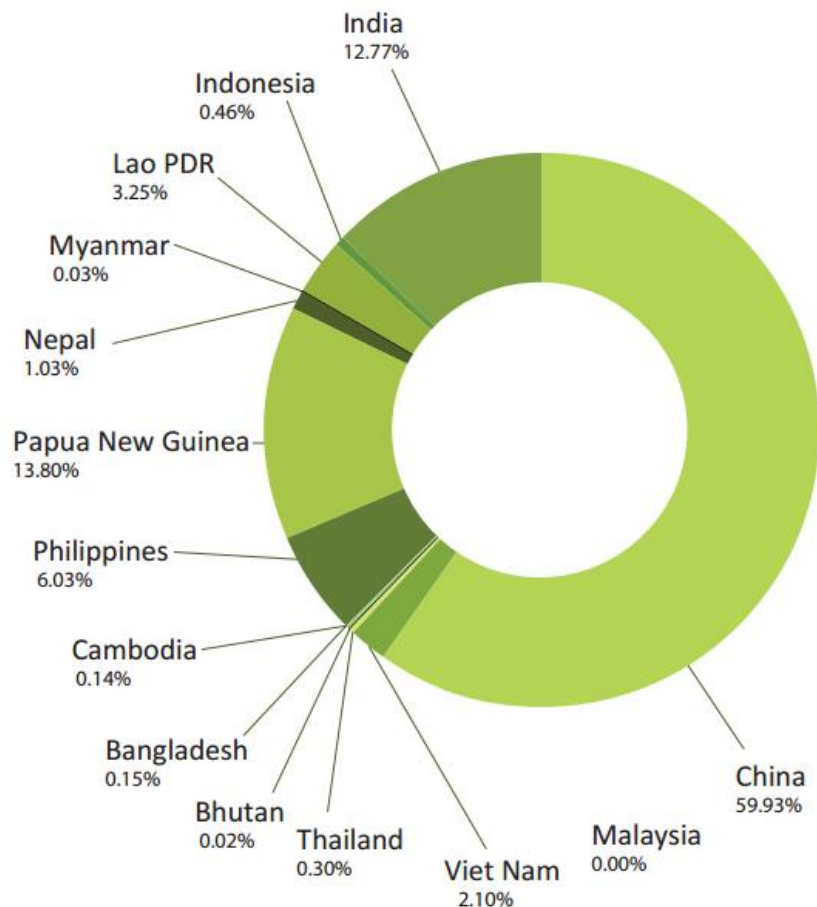
- 1) Communities possess **one-third** of the Asia–Pacific forest land (34% in 2012)
- 2) **Statutory tenure rights** - special protection under the constitution, civil code or other laws
- 3) Rights include - rights to enter a forest / rights to harvest (timber or NTFP) / rights to use forest land for agriculture

Distribution of forest land tenure in 14* Asia–Pacific countries, 2002–2012 (%)

Source: RECOFTC 2013

*Bangladesh, Bhutan, Cambodia, China, India, Indonesia, Lao PDR, Malaysia, Myanmar, Nepal, Papua New Guinea, Philippines, Thailand and Viet Nam

Forest land under community tenure

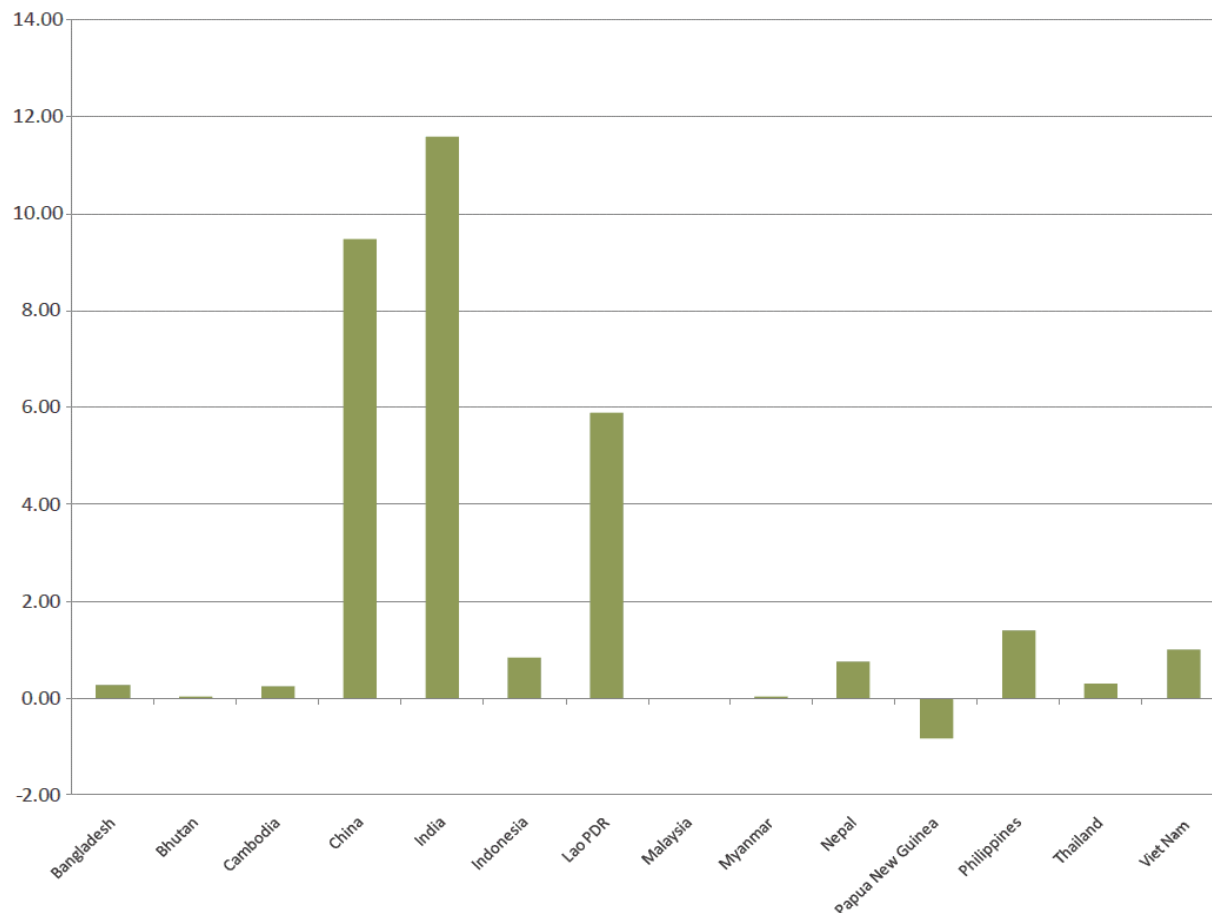


1. The 3 countries contained 87 % of the forest land under community
2. In PNG communities held statutory tenure rights to 99 % of the country's forests in 2012
3. In China and the Philippines, communities own 3 of every 5 ha of forest land.
4. Bhutan, Cambodia, Indonesia, Malaysia, Myanmar and Thailand - <3% of countries forest
5. India, Lao PDR, Nepal and Viet Nam – 1/3 of the national forest land

Distribution of forest land under community tenure, 2012 (%)

Source: RECOFTC 2013

Changes in 10 years



Continues to increase -
up 3 % (31 million ha)
between 2002 - 2012

Changes in forest land held by communities 2002–2012 (million ha)

Source: RECOFTC 2013



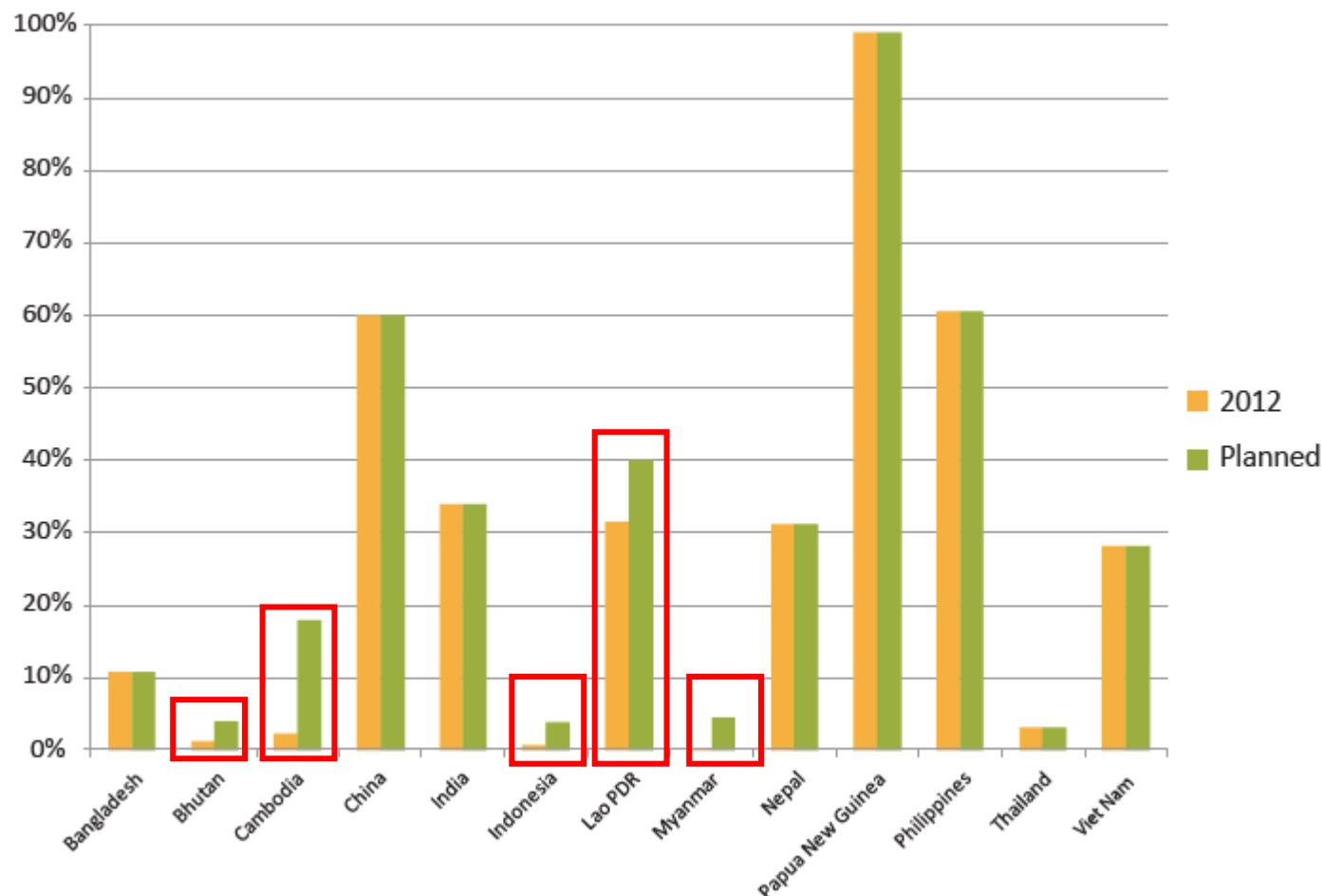
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Projected change



Existing plans for further tenure transfers in the AP region (as % of total forest land)

Source: RECOFTC 2013



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Enabling conditions (increase in area)

1. Forest sector restructuring initiatives (decentralization policies, policy reform)
2. Governments initiatives e.g.: forest tenure reform, community forestry
3. Development of strong community structures - formation of small holder and labor organizations
4. Strong and equitable social partnerships – the rise in “fair trade”, CSR, ethical financing



Barriers to commercial timber production

1. **Market structures and management systems** (standards / rules) designed to favor the 'big guys'.
2. **Prohibitive costs** to participate in formal timber supply chains
3. Lack of **access to financing** (high start up costs)
4. **Market access barriers** - complicated rules/increased regulatory requirements (eg: FLEGT VPA, Intl. Timber Regulations)
5. **Lack of premium** / demand of socially and environmentally responsible products
6. **Plantation** - unsteady, erratic and potentially high-risk business for many rural poor
7. **Narrow focus on NTFPs** when pursuing forest development



Models of commercial community forestry

1. **Reinvestment of captured revenue** into mechanisms that directly benefit local communities and the forests



Progress is weak and results not pro poor

2. The **out-grower scheme** - companies develop contracts with local, small landholders to produce fiber or timber



Some working examples, tendency to favor plantation

3. **SME / Small holder timber producers**



High failure rate recorded

4. Larger scale **company-community partnerships** driven and designed by the companies to meet their CSR commitments



Some working examples, tendency to aim for sustainability



Case Studies + discussion

- Presentations from a recent workshop
- Serious about making CF work
- Presentations from Storenso & IKEA – lessons learnt
- **Focus - ‘Out-grower scheme’ and ‘company-community partnerships’**
- **Let’s discuss pros and cons of these schemes !**

Byron’s 4 Keys for smallholder success:

1. **Clear ownership of trees**
2. **Attractive and reliable markets for all wood grown (e.g. sawnwood + fuelwood)**
3. **Sympathetic legal and regulatory frameworks**
4. **Robust technical package**

Byron, R.N. (2001) Keys to small-holder forestry. Forests, Trees and Livelihoods 11, 279-294.



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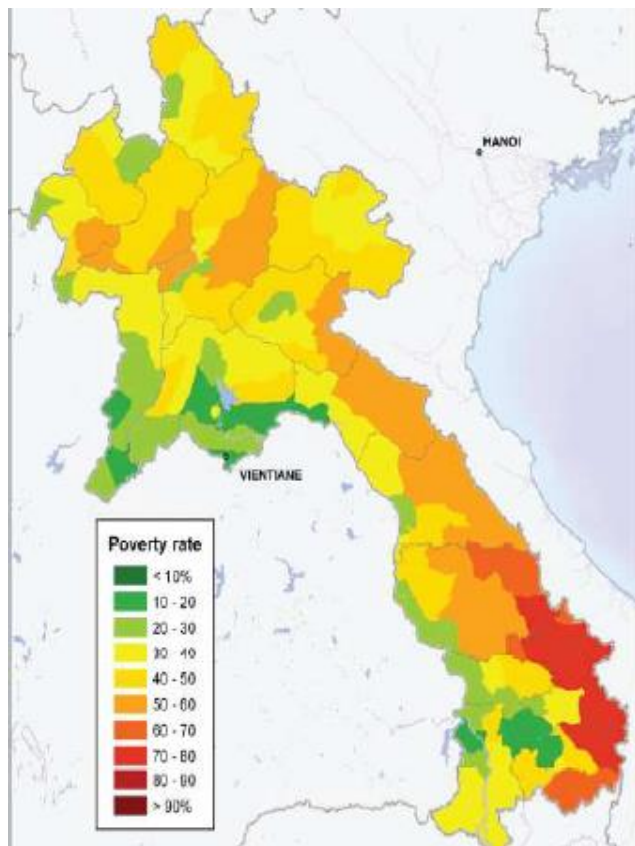
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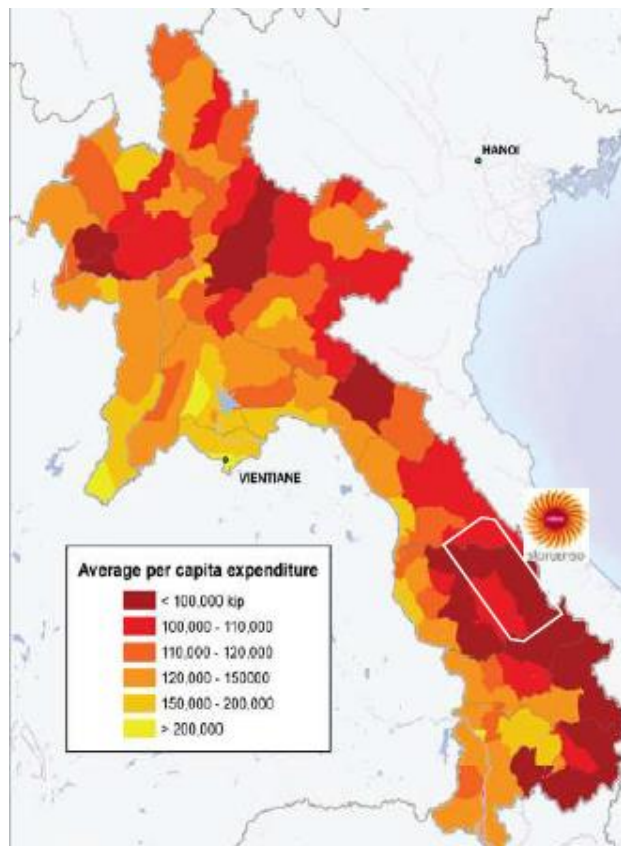
Case study 1 – Out growers scheme



Smallholders Fair Access to Wood Markets - The Path to Poverty Eradication By Peter Fogde (Storaenso)



Poverty rate



Per capita cash expenditure

The thinking behind the scheme

Smallholder Needs



High return per hectare land (\$/ha)

High return on labor input (\$/MD)

Low risk

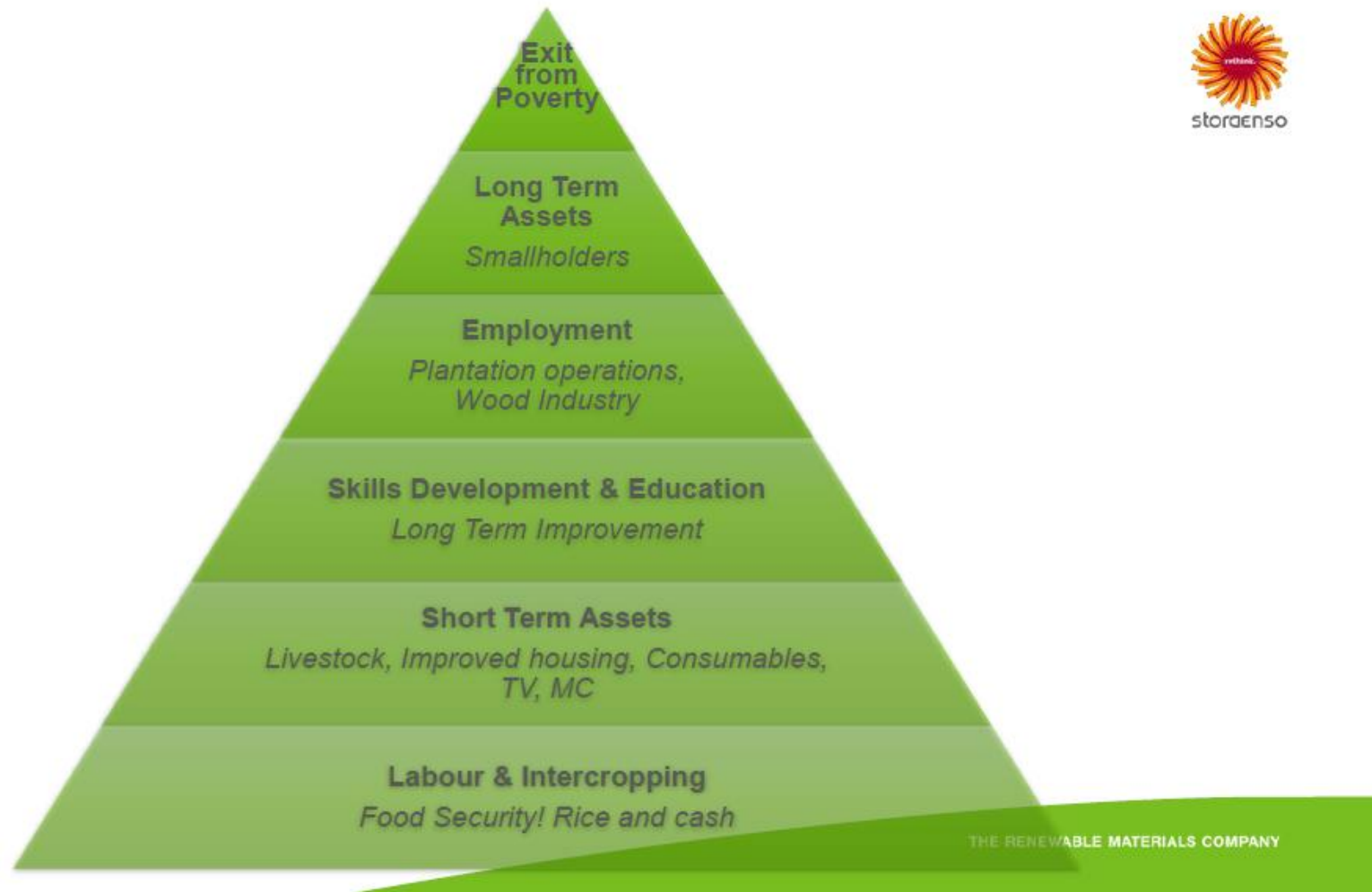
Industry Needs



Low wood cost at mill gate (USD/m³ ex mill)

low risk high returns

How is STORENSEN doing this?



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7 year Rotation

The 7 year rotation

Year 1: Planting of trees and rice

Year 2: Planting rice

Year 3-7: Planting rattan or other shade tolerant crops. Cattle grazing

Year 4: Thinning operations

Year 7: Clear cut of trees and restart of cycle

Follows the farmers normal cycle for shifting cultivation



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Supplementing with food production



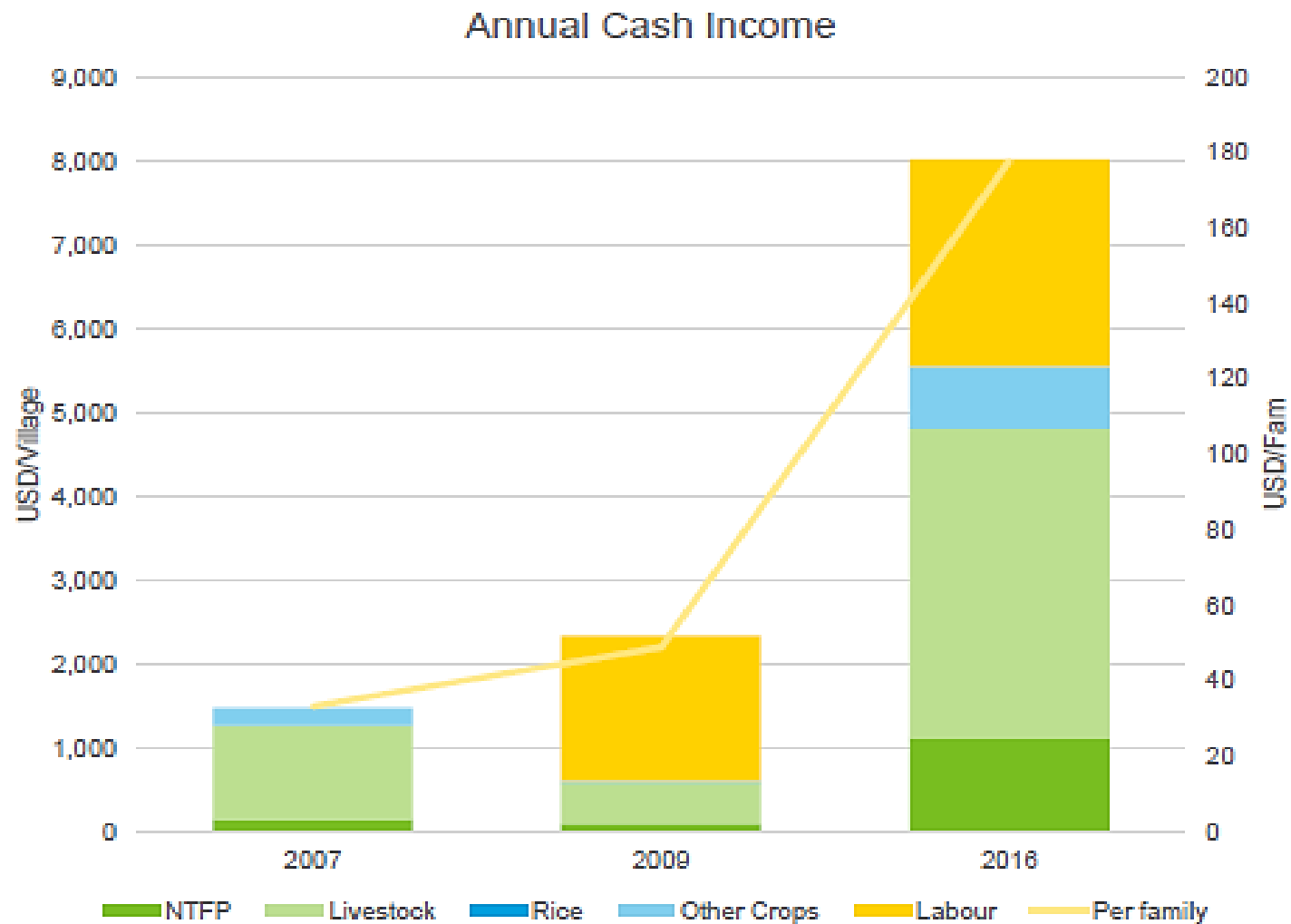
- Similar / higher yield
- Less unpaid labor input

The Cash Income

- Bush clearing
- Planting
- Fertilizing
- Weeding
- Pruning
- Assisting in harvesting (thinning & clear cut)



Results



Case study 1– partnerships



IKEA sustainability projects with small forest holders By Suphawadee Wilamart

More than half of IKEA products are wood based

Forest Positive

how will we get there?

- We want to source All wood and paper from **Mores Sustainable Sources by 2020** (by FY17 in high risk areas)
- We gradually expand forestry scope to **more wood based materials**
- We **go beyond our own needs** for wood used in our products, striving for responsible forestry to be the norm
 - by doing so we contribute to **ending deforestation**
- **35 M ha** of FSC forest (a size of Germany) has already been certified within IKEA & WWF partnership and we will add **15 M ha** by 2020



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IKEA Requirements on wood

I Minimum requirements

not from any of the following:
Illegal logging, Social conflicts,
Geographically identified HCVF,
Conversion, GMO

Meeting minimum req., and known
origin and only by IKEA approved
species

II More Sustainable Wood Sources MSS



Wood from
responsibly
managed forests
according to the
FSC standards



Pre- and
post-
consumer
recycled
wood



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IKEA sustainability projects with small forest holders

Goal:

- Improve forestry practices at small forest holders securing responsible forest management
- To secure that small forest holders continue to be part of IKEA supply chains
- Develop sustainability criteria adapted to conditions in different countries/species to contribute to responsible forest management
- Share our learnings and contribute to development of FSC national standards



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Sustainability Projects with small forest holders in South East Asia

Sustainability Projects	Partner
FAO project in Vietnam (just started)	
Smallholder project in ID (just started)	
Smallholder project in TH (ongoing)	



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Reflections from farmers

- Higher cost
 - Complicated technical documents
 - Conservation area
 - Lack of knowledge about FSC & added value of FSC
- e.g. rubber wood for +20 years

Recommendations

- Working & living conditions - safety at logging site, transportation of wood and saw mills are important
- Migrant workers
- Increase awareness of FSC among all stakeholders
- Empower small forest holders (farmers) in the FSC development process



Key Recommendations (Workshop)

1. Targeting!
2. New Standard (rules)
3. Reduce complexity
4. Reduce costs
5. Understand growers' motivations
6. Add Value: provide clear and immediate commercial benefit to smallholders
7. Equitably spread the costs of certification along the value chain



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Out grovers vs Partnership approaches

What are the gaps / issues?

Anything worrying?

Anything encouraging?

Recommendations?



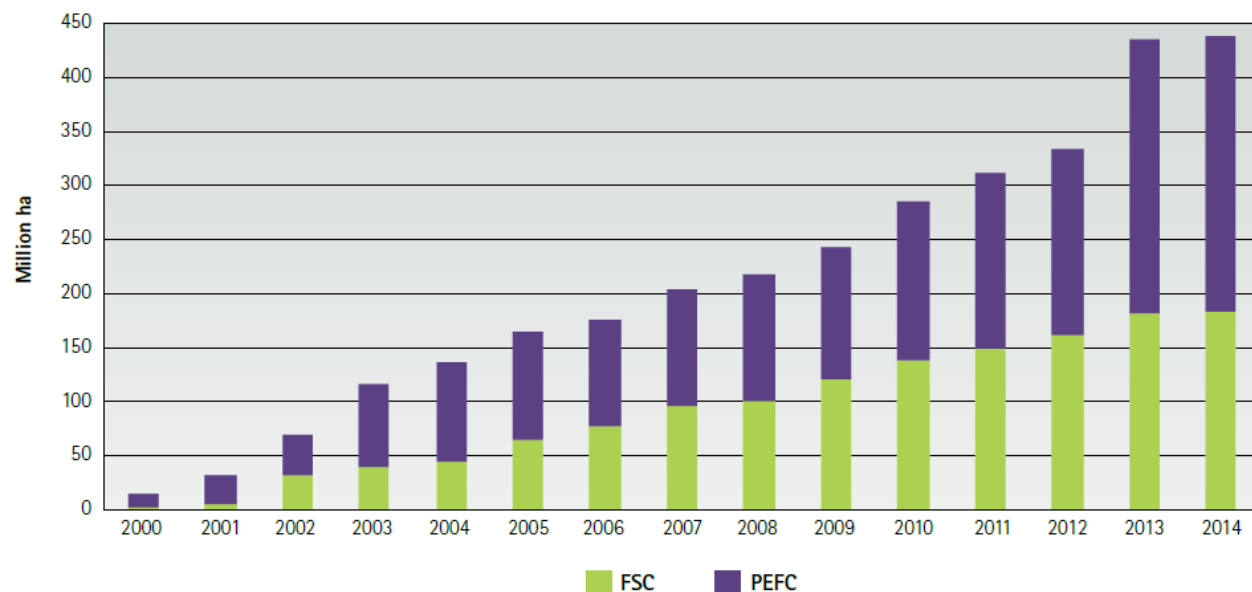
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Voluntary Certification (sustainability)

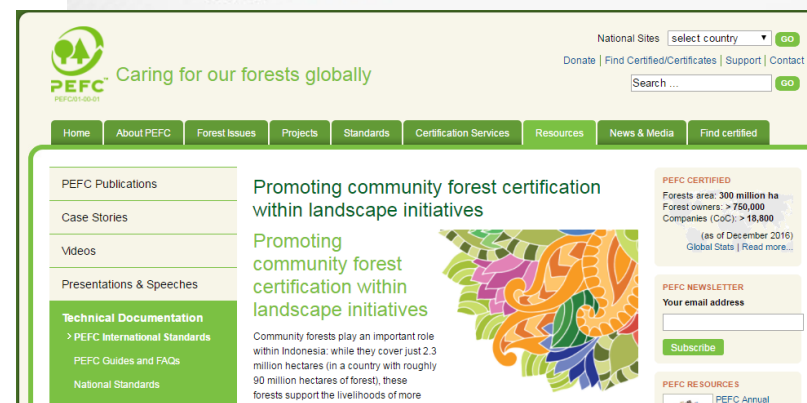
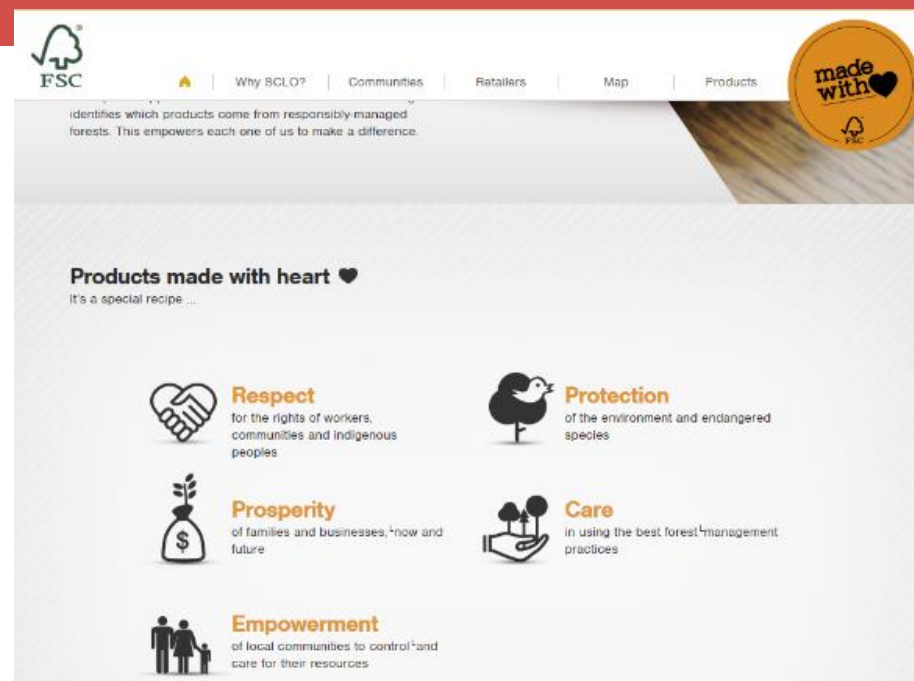


What are voluntary certification / sustainability schemes doing?



Smallholder Support Programs

1. Policy and Standard
 - New Approaches Initiative
 - Group Certification
 - Modular Approach Program(MAP)
 - Fair Trade/FSC Dual Label Project
2. Capacity Development / Outreach and Awareness Raising
 - Train the Trainers
 - Technical Guides
3. Market Access
 - Small and Community Label Option
 - Made with Heart Campaign
4. Access to Finance - Smallholder Fund/Strategic Partnerships



The crucial roles of central governments

1. Expanding community forest tenure, tenure rights and decision-making powers
 - Continue to increase forest land under community ownership
 - Active not passive participation (Bhutan, Cambodia, India, Indonesia, Lao PDR, Myanmar and Thailand)
 - Encourage timber commercialization (CF)
2. Integrating community forestry with new forest policy initiatives
 - REDD+, UNFCCC, FLEGT, National Certification System, PES
3. Using community forestry to attain goals outside the forest sector
 - Intl. conventions (HR, Gender, IPs, Climate)



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Thank you & Let's Discuss!



Literature list

1. Byron, R.N. (2001) *Keys to small-holder forestry*. Forests, Trees and Livelihoods 11, 279-294.
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