



# SHARING THE WEALTH

A large, semi-circular photograph showing a group of people in a rural, hilly landscape. In the foreground, a woman in a blue patterned sleeveless top is seated on a wooden structure, working with a tool on a piece of wood. Behind her, several other people are gathered around a small tree, possibly engaged in a planting or maintenance activity. The background shows a lush green hillside with a small wooden house and a fence. The entire scene is framed by a large, stylized graphic element on the right side of the cover, which consists of overlapping, wavy shapes in shades of pink and light green.

## POLICY AND LEGAL FRAMEWORKS TO SUPPORT EQUITABLE SHARING OF COSTS AND BENEFITS FROM COMMUNITY FORESTRY

Synthesis of discussions at the  
Second Community Forestry Forum

Bangkok, Thailand  
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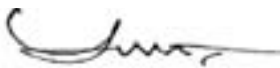
# Foreword

Community forestry has great potential to improve the welfare of the estimated 450 million impoverished people living in and around forests in Asia<sup>1</sup>. But the extent to which this potential is realized depends strongly upon whether communities are able to secure the benefits that community managed forests generate, and whether these actually reach the poorest at the community level. The real benefits obtained in return for the time and energy expended by communities in forest management helps to gain their long-term commitment to sustainable forest management.

The Second Community Forestry Forum was convened with the purpose of sharing experiences among peers on how to distribute the benefits and costs of community forestry more equitably. Policy makers from 14 countries in Asia (Bangladesh, Bhutan, Cambodia, China, India, Indonesia, Lao People's Democratic Republic, Mongolia, Nepal, Philippines, Sri Lanka, Thailand, Timor-Leste and Vietnam) gathered in Bangkok from 23-24 March 2007 to share lessons learned, challenges and innovations on the pressing issue of benefit distribution from community forestry.

A carefully designed and facilitated process helped to maintain effective interaction between country delegations to discuss key questions related to benefits and costs in community forestry. The Forum aimed to foster meaningful exchange amongst peers dealing daily with policies and laws impinging on community forestry, and in an environment that supported frank reflection, support and learning. During the process, many opportunities emerged for those countries newer to community forestry to 'leapfrog' on the lessons of others.

This report presents a synthesis of the discussions that occurred over the two days. It provides a useful resource for those within and outside government who share an interest in harnessing community forestry to support poverty reduction and sustainable forest management.



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<sup>1</sup> World Bank, 2002. *Forestry Strategy and Appendices*, World Bank, Washington DC.





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## Acronyms

CBFM	Community Based Forest Management
CF	Community Forestry
CFM	Community Forest Management
CFUG	Community Forest User Groups
FAO	Food and Agriculture Organization
NGO	Non Government Organization
NTFP	Non-Timber Forest Product
RECOFTC	Regional Community Forestry Training Center for Asia and the Pacific
SAGUN	Strengthened Action for Governance in Utilization of Natural Resources Program
SDC	Swiss Agency for Development and Cooperation
SIDA	Swedish International Development Cooperation Agency
WWF	World Wide Fund for Nature



# Executive summary

The potential benefits from community forestry are many and include: the development of social capital, political empowerment, employment opportunities, capacity development, financial returns from sale of timber and NTFPs, direct use of the same resources, the maintenance of environmental services and more. However, community management of forests also involves costs in the form of time, money and opportunities foregone by community members. The Second Community Forestry Forum focused on how the balance of benefits and costs can be tipped in favor of sustainable forest management and poverty reduction. The specific focus was on legal and policy frameworks which influence what benefits communities can secure from forests (benefit flow), as well as the distribution of such benefits at the community level (benefit sharing).

Participants flagged a number of priority areas for future attention to improve the flow of benefits to communities. These include:

- Consistent laws and policies from the national to the local level. National laws and policies should be inclusively developed, and provide broad guidance and guarantee certain rights. Additionally more detailed rules and guidelines are better formulated at the level of provincial or local government, to enable greater flexibility and responsiveness to local conditions, institutions and practices, but also anchored on the national framework. Governance arrangements at different scales need to be connected and complementary.
- Strong emphasis should be given to minimizing procedural complexity and transactional costs in implementing laws.
- Monitor social and environmental outcomes for continuous learning and improvement.
- Consider community forestry within the wider context of the integrated development of communities. Community forestry institutions could potentially serve as a nodal point to channel and coordinate other community development activities.

- Explore more market-oriented approaches to community forestry, including opportunities for communities involved in community forestry to benefit from environmental service markets. Governments can facilitate this through better information, capacity building on value addition and enterprise management, and by facilitating linkages with other market actors.

Benefit sharing at the local level needs to be improved by:

- Improved understanding of the social structures of communities. Institutionalizing stronger involvement of the poor and disadvantaged in community forestry initiatives, together with capacity building and mentoring to give them a real voice.
- Helping local community forestry bodies to function with good participation, transparency and accountability.
- Providing a legal framework for community forestry committees to act as a democratic, decentralized local institution.
- Developing criteria and indicators for monitoring benefit sharing and building the capacity of field staff and community groups to assess benefit sharing outcomes.
- Developing effective conflict management mechanisms to mediate conflict within communities and between communities and other stakeholders.

Discussions reinforced that although many benefits have already emerged from community forestry, a significant and sustained flow of benefits to communities provides the incentive needed for them to continue to manage their forests sustainably, and helps to recompense their management efforts. Forum participants affirmed a shared commitment to learning and working on promoting greater equity in distributing the benefits and costs of community forestry.



# Introduction



With the growth of community forestry<sup>2</sup> in Asia, many challenges are emerging for policy-makers tasked with developing and implementing the rules to govern community involvement in forest management. As a regional organization that builds capacity and supports effective knowledge sharing and practice for community forest management, RECOFTC decided in 2005 to bring together high level actors from forest administrations in the region to discuss these challenges in an open forum of peers. This First Community Forestry Forum focused on legal frameworks for community forestry<sup>3</sup>. Responding to the desire of the first Forum participants to continue this dialogue, a second Community Forestry Forum was organized to take policy makers further in examining the benefits and costs of community-based forest management, and the role of government in supporting equitable distribution of these.

One important reason for the growth in community forestry, apart from an interest in sustainable forest management, is the concern to improve the welfare of the estimated 450 million impoverished people living in and around forests in Asia<sup>4</sup>. Generating a range of benefits from community forests and ensuring that these reach the poor is one crucial way in which community forestry can contribute to poverty reduction. So far, the experience with this has been mixed. Established community forestry programs, for example in South Asia, have had to counter tendencies towards elite capture of such benefits<sup>5</sup>.

Countries newer to community forestry, on the other hand, are at the point of establishing the rights and responsibilities needed for communities to capture the value generated by

community forests<sup>6</sup>. Sri Lanka and Timor-Leste, for example, which are in the process of developing forest legislation, have the potential to include social equity safeguards in new regulations and guidelines. In such cases there is a vital opportunity to ‘leapfrog’ on the lessons learned by pioneering community forestry countries by addressing distributional issues at the outset. Supporting this kind of shared learning was a key objective of the Forum.

Government delegations from a total of 14 countries participated in the second CF Forum and included: Bangladesh, Bhutan, Cambodia, China, India, Indonesia, Lao PDR, Mongolia, Nepal, Philippines, Sri Lanka, Thailand, Timor-Leste and Vietnam. These countries are at various points on the community forestry spectrum, with different levels of experience, and different legal and policy frameworks guiding community forestry, which in some cases also extend to benefit sharing issues (Annex A).

The Forum combined short presentations, case studies, and working groups to explore the policy and legal issues that shape the potential for communities to extract benefits from community forests, and the key issues that need to be taken up to ensure equitable sharing of benefits at the community level. Participants were predominantly from government but also included resource people from the research and NGO communities. The emphasis has therefore been on the role of government in benefit distribution processes from community forestry, as well as critical linkages with other actors. Unless otherwise referenced, the examples and issues discussed in this paper draw directly on Forum discussions.





# Community forestry: what benefits and for whom?



A starting point in any discussion on benefits is to clarify what kinds of benefits are actually emerging from existing community forestry initiatives. Based on experiences in the 14 countries represented at the Forum, a number of specific benefits were identified.

These could broadly be grouped into social, economic (direct and indirect), and environmental benefits (Box 1). It was clear that financial benefits are one small subset of what communities can gain from playing an active part in forest management. The value in looking broadly at benefits in this way is that while income is important, poverty reduction ultimately depends on building a wider set of assets for impoverished individuals and communities<sup>7</sup>. Additionally, processes of political empowerment, capacity building and development of social capital, can be as significant to the development of communities in the long term as immediate financial returns. The analysis of benefits also highlighted that it is not just the products from community forests that are important to different stakeholders, but also the services provided by forests.

Benefits are countered by costs in time and opportunities which might be borne differently by various groups within communities and by different actors from the local to the international level. Participants highlighted that for community forestry to work as a long term undertaking, the benefits need to outweigh the costs from the perspective of these key actors (Box 2). At the community level, there would be little incentive to engage in community forestry if the costs were high and the benefits small. For government too, tangible improvements in environmental conditions and the achievement of wider poverty reduction goals were important for them to sustain a continued investment in community forestry.

Some of the benefits identified were quantifiable, for example, the revenue gained from the sale of timber or NTFPs or agroforestry yields, while others, such as political empowerment and capacity development, are qualitative in nature.

## Box 1: What benefits flow from community forestry?

**Social benefits:** strengthening and development of coordination and governance mechanisms, relationships and networks (social capital); political empowerment; creation of local work opportunities; institutional enhancement, tenure, capacities, welfare and security.

**Economic benefits:** access to NTFPs and timber for direct household use, income from the sale of NTFPs, agro-forestry yields, timber and environmental service markets, and employment in CF activities.

**Environmental benefits:** maintenance of environmental services (biodiversity, soil health, agricultural productivity, carbon sequestration, air and water quality), and enhanced and well-managed forest resources.

In the case of quantifiable benefits, the question arose of whether the benefits are sufficient to foster continued commitment to community forestry. The participants found that this depends strongly on the resource endowment for communities. For example, whether forests are in good condition or heavily degraded initially, which resources can be used, and what share of the returns are able to be captured by the community. These issues are discussed further in the next section.

## Box 2: What are the costs of community forestry? <sup>8</sup>

Time, money and opportunities foregone:

- Negotiating property rights.
- Gathering information for management planning.
- Negotiating and designing management arrangements.
- Regenerating degraded resources.
- Monitoring compliance with rules.
- Foregoing alternative uses of time and of land/resources.



# Defining key questions on benefit flow and benefit sharing



Drawing on earlier collaborative work by RECOFTC, WWF and SNV<sup>9</sup>, two main aspects of benefit distribution were defined for analysis and discussion during the workshop (see Figure 1). Firstly, with an audience of policy makers, it was important to look at governance<sup>10</sup> arrangements for community forests, including policy and regulatory factors that impinge on whether or not communities are able to capture any benefits from these forests in the first place. For example, the condition of the forest resources allocated to communities determines how long they must wait before timber or other products are available for harvest. Laws and policies affect what resources can be accessed and for what purpose, and revenue sharing arrangements affect what proportion of the income gained from different resources can actually be held by communities and how much is shared with the State. This aspect of the benefit picture was defined as *benefit flow*.

At the same time, it is important to consider equity at the community level in income distribution, access to governance processes, work opportunities, and resources for direct household consumption. The subject of *benefit sharing* at the community level was the second key area of discussion in the Forum.

External governance conditions play a key role in determining the type and level of benefits that communities can gain. Two critical areas of concern that have emerged from previous research<sup>11</sup> are the role of property rights in enabling communities to access resources in the first place and, secondly, what proportion of the income or resources communities are entitled to from community forests. Another important factor is the resource endowment in community forests. This influences the level of resource use possible and how long it takes for benefits to accrue to communities, compared with costs in regenerating and managing the resource.

Figure 1: Benefit flow and benefit sharing



(Mahanty et al.2007)





In terms of local sharing of benefits, critical factors to explore include the local institutions and processes involved in governing community forests, who participates, how decision making processes work, and who holds the power. All of which influence who gets what from community forestry initiatives. In this forum, the particular focus was on the role that government could play at both of these levels.

While the framework raises a number of key areas for discussion, it also has limitations. The line between wider governance processes and local governance is not as sharp as is suggested in the figure. For example, State laws and guidelines may direct the establishment, structure and functioning of local governance bodies (e.g. guidelines specify requirements for a proportion of user group committees to represent women or disadvantaged groups in Nepal and India). In other cases, community bodies may face challenges because they lack legitimacy under national policies and laws (e.g. in Vietnam, the Law on Forest Protection and Development enables village communities to hold forest rights or forest land, but the civil law does not recognise any local governance entity below the level of commune which makes it challenging for village level CF bodies to gain formal recognition<sup>12</sup>). Thus, local governance is integrally connected to national governance arenas, and interacts with national, state/provincial and district levels of government.

Another issue that spans local and national boundaries is the development and implementation of national or provincial policies and laws. Although policies and laws are in some respects a given within which local governance arrangements must operate, they are also undergoing constant evolution and development. The processes of developing and interpreting policies and laws involve negotiation, interpretation and exchange between these various levels<sup>13</sup>.

Finally, the framework focuses primarily on forest related benefits and the distribution of these, when in practice, livelihoods are sustained by a range of activities. This means that community forestry is one part of a bigger set of initiatives that will ultimately be needed to address poverty, linking with sectors such as health, education and infrastructure. These wider linkages were not a major focus in the Forum, but did help to contextualize the discussion on benefit distribution and its place in wider poverty reduction efforts.



# Benefit flow: communities securing benefits from community forestry



*“Equitable access to benefits is not at the mercy of the government; it is the right of the people. A rights-based approach is the way forward”.*

*Bharat Pokharel, Nepal Swiss Community Forestry Project*

Enabling communities to secure benefits from the forests they manage is important both to sustainable forest management and local social and economic development. Drawing on the analytical framework, three key questions were explored in relation to this issue of benefit flow: property rights, revenue sharing, and implementation of policies and laws.

Secure property rights that enable communities to access and manage forests are a foundational requirement for community forestry, and enable communities to draw direct and indirect benefits from such forests. The property rights underpinning community forestry vary across Asia, and some key differences may include but are not limited to: what rights are gained (e.g. management, use, exclusion, conversion, sale), what resources can be used or traded (e.g. NTFPs, timber, agroforestry yields, forest land), and by whom (e.g. individual households, user groups), and the duration of the agreement (Annex A).

The second issue, once resource access is secured, is what happens to any revenue that is generated from community forests? Can it be distributed

within communities or used by community bodies? Does a share have to be paid to the State and, if it does, what proportion?

Thirdly, while laws and policies may enable benefits to flow to the community on paper, there are often gaps and challenges in implementation. It is therefore important to consider how workable existing policies and laws on community forestry and benefit flow are implemented in practice.

A case from the Philippines, presented by Dr John Pulhin, set the scene and highlighted the interplay between these factors in achieving the flow of benefits to communities (see Box 3). In the Philippines case, there is a supportive policy environment for community management of forests, and for communities to draw a substantial income from the forest resources on Community-based Forest Management (CBFM) lands, but the complexity of procedures makes this difficult to realize in practice. The potential is also weakened by the fact that CBFM rights are based on policies or ‘soft laws’ rather than legislation.





### Box 3: Simple tools versus complex policies for forest harvesting in community managed forests in the Philippines<sup>14</sup>

Community-based Forest Management was adopted in 1995 as a major national strategy in the Philippines to achieve sustainable forest management and social justice. This program is considered among the more progressive in the world from a structural policy reform perspective, and areas under CBFM have grown steadily to around six million ha in 2004.

The timber in these CBFM areas constitutes a substantial resource, with conservative estimates of 217.5 million m<sup>3</sup> and US\$13 billion in value (based on a market rate of US\$60 per m<sup>3</sup>). Exploitation through simple technologies that are accessible to communities, together with sound management of the resource would enable those involved to draw an estimated income of US\$7.50 per person day, around US\$5 higher than the current average daily income in rural Philippines. Yet in practice, this potential is not being realized, even though the needed skills and resources to cut the timber are already in place.

**Why?** A key reason is that the same rules that were originally designed for corporate logging operations are applied to community logging operations. Communities have to submit comprehensive management plans prepared by professional foresters that they cannot afford to hire; they then need to obtain separate permits for harvesting, transport and other operations. The complexity of procedures has fuelled corruption as each permit creates the opportunity for officials to extract money from communities. Furthermore, the legal basis for CBFM is weak, as it is based on government policy rather than law (often referred to as 'soft laws'). Recently, harvesting privileges in CBFMs have been cancelled, often without due process, due to the infractions of a few communities.

A number of strategies could help to address these barriers. Simple area-based criteria to determine the annual allowable cut could be developed, thereby reducing the need for professional forester advice on management plans. Legal reform to deregulate the harvesting of planted timber on private lands would reduce the need for complex approvals. The rules and regulations for timber harvesting also need to be simplified to make them more workable. Another key issue is the need for stable policy on timber utilization in CBFM areas.

Discussion at the Forum revealed that the Philippines is not alone in facing these challenges in generating community level benefits from community forestry.



# Defining clear and secure property rights



The concept of community forestry implies an agreed level of community access to forest resources and a community role in managing these. The 14 countries participating in the Forum are at different points in the development of community forestry arrangements, and the specific bundle of rights that applies to community managed forests may vary. Furthermore, community forestry and the property rights that underpin it are not always supported by law. In some countries (e.g. Philippines, India), a statement of policy underpins community forestry.

Countries where rights to community forests are supported by soft laws are finding that such rights are more fragile in the event of political change and shifts in policy or personnel within government. In the Philippines for example, the legal basis for community forestry is an Executive Order, which does not have the same legal standing as a law. A Sustainable Forest Management bill has been under discussion for many years, but needs to pass into law to provide a stable legal framework for CBFM and associated benefit flow and sharing mechanisms. In other cases, such as Sri Lanka and Timor-Leste, the legal arrangements are still under development. Firming up rights based on soft laws and developing new legal frameworks provide the opportunity to make rights to community forests clearer, more robust, and legally enforceable.

In general, community forestry has applied to bare lands, production forests and buffer zone areas. The ownership of forest land generally remains with government, except in China and Vietnam. In the case of China, substantial use and management rights over collective forests have been allocated to individual households and local collectives for 30-100 years<sup>15</sup>. In Vietnam, similar long term leases with extensive rights are being provided through the Government's Forest Land Allocation program, initially to individual households and now, at a pilot level, to

communities<sup>16</sup>. More commonly, community forestry brings rights to specific forest resources only, rather than forest land. In Nepal, for example, full use and extraction rights are conferred for NTFPs and timber resources in community forest areas, while in India, this is only true for NTFPs. Furthermore, access rights may be subject to further permits and regulatory arrangements. In the case of the Philippines, for example, additional permits are required to use some community forest resources such as timber.

The general pattern with community forests in the 14 countries represented at the Forum is for access to NTFPs to be freer than access to higher value commercial timber resources. Timber harvesting is either highly regulated or, in Thailand and many provinces of China, not allowed at all due to logging bans in natural forests. As shown in Box 3, the outcome of this further regulatory layer for higher value resources means that the flow of benefits from community forests is quite limited compared with what it could be, considering the available timber resources. Forum participants agreed that once arrangements for sustainable management of harvest are in place, it is important to reduce the complexity of permit systems in order to open up timber harvesting opportunities in community forests and increase benefit flow to communities.

The duration of rights enabled through community forestry varies. In Vietnam, for example, rights are conferred for a 50 year period, in the Philippines 25 years, and in Indonesia arrangements range from 25 - 35 years. The duration of rights has implications for the willingness of community members to make long term investments in forest management, and ultimately the duration of benefit flow from community managed forests.

Finally, the resource endowment in an allocated community forest determines what resources are immediately available, as well as the costs and





investments that may be needed to achieve a productive resource base. In general, participants felt that the forest resources allocated for community management have been poor. In countries such as India, for example, community forestry has remained an intervention for degraded lands, although areas adjoining protected areas are also being considered. Others have experimented with the allocation of higher value forest resources. In Philippines, Bhutan, Nepal and Mongolia, for example, community managed forests also encompass some areas with substantial forest resources.

Forum participants recognized that the allocation of degraded resources constrain benefit flow. However there were mixed views on whether communities could expect to have access to high value forests for use and management, and the higher level of benefits that these could bring. Resource persons highlighted that significant cases exist where communities are managing high value forests in Asia and elsewhere. Examples include Mexico, where communities are actively managing and sustainably harvesting commercial timber from substantial areas of forests<sup>17</sup>, and Nepal's visible improvements in forest condition and cover through community forestry, as well as current efforts in the high value forests of the Terai. The Indian delegation felt that government support for community management of higher value forests would be more forthcoming if government actors were exposed to this kind of compelling evidence of communities sustainably using and managing high value forests.

An important consideration in the allocation of high quality forest land for community management is the geographical disparity in access to high value resources by communities. In Bhutan, for example, the delegation shared that the scarcity of forest in some areas could eventually be expected to create disparities as communities gain access to different quality forest areas. An issue emerging from this, also relevant in other countries, is the scope for conflict between communities receiving different levels of forest endowment. In Nepal, the high timber values in the Terai forests, and the intent to share returns with distant users of high value forests, has led government to manage these areas through a new modality called Collaborative Forest Management (CFM). CFM shares forest management responsibilities and benefits between the central Government, Village Development Committees, and elected CFM committees, which represent both nearby and distant forest users. Unlike the long-established CF arrangements in the hills where Community Forest User Groups (CFUG) retain 100% of revenues generated from community forests, two key timber species in the Terai (*Shorea robusta* and *Acacia catechu*) are taxed at 15% when sold outside of the user group. This disparity in benefit flow from CF and CFM areas has led to conflict between user groups and government, particularly as the costs of management by CFUGs are not factored into revenue distribution in CFM<sup>18</sup>.

Finally, participants recognized that clear and secure property rights are a necessary condition for benefit flow, but that the scale of benefits secured by communities also depends upon their ability to access markets for forest products and services. In this regard, there was strong interest in exploring more market-oriented approaches to community forestry, including opportunities for communities practicing community forestry to benefit from environmental service markets. Governments, as well as non-government actors, could support communities through facilitating better information flow and capacity building. Subsidizing forest enterprises, however, was not seen as an effective role for government, as it would foster dependence and inefficiency in the long run.



# Equitable revenue distribution mechanisms



Although most of the countries participating in the Forum have an existing or emerging governance framework for community forestry, the same does not apply to rules for revenue distribution from community forests (see Annex A for details of revenue sharing rules in the 14 countries). Some examples include:

- In India the provincial governments set revenue shares from Joint Forest Management areas. Although there is variation by province, communities generally retain up to 100% of revenues from NTFPs and other intermittent yield products (e.g. thinning from timber crops), and 10-15% of revenue from timber products held by government.
- In Nepal, communities can keep 100% of resources and income associated with timber and NTFPs in Community Forests. In the Terai however, according to the Collaborative Forest Management modality outlined earlier, 15% of revenue from *Shorea robusta* and *Acacia catechu* sold outside the user groups must be paid to the central Government.
- In the Philippines the Government receives 25% from the sale of timber harvested from plantations that have been established with government investment.
- In Vietnam, revenue shares depend on whether the forest land has been replanted by the 'owners', is of poor quality, or natural forest. In the latter case, the revenue share is based on calculations of incremental growth from a baseline year (Annex A).
- In Indonesia and particularly in Java, communities will receive a maximum of 25% of the standard price of timber products - depending on the participation level of communities in the timber management process - while 75% of the revenue from timber products is allocated to the company. Of this 75%, a proportion is paid as timber tax to the government. For agroforestry, where the community is actively involved in management, they keep 100% of the yield.

Participants felt that such laws and guidelines can play an important role in improving transparency regarding levels of harvest and payments to the State versus the community. This in turn could help to build trust and reduce opportunities for corruption. They also provide some certainty and a minimum set of guarantees to communities about their expected level of return from different resources. However, the question remains on what is an appropriate level of return to communities versus the State?

Amongst pioneering countries for community forestry in South Asia, as well as a number of newly emerging community forestry initiatives in Vietnam and China, the trend is towards liberalizing returns from community forests in favor of the local communities. This has come first with the direct and commercial use of NTFPs, while in most cases a proportion of timber revenue is held by the Government. The situation with Nepal's community forestry in the hills is an important exception to this; the fact that communities in these areas can hold 100% of revenues from community forests provides a strong incentive for effective management. As well as minimizing taxes, several Forum participants also suggested that subsidies for





forest management should gradually be minimized to encourage community forests to be managed as a commercial enterprise.

Where revenues are collected by government, the method for calculating the revenue level and government procedures for collection are important. Some working groups in the Forum proposed that the calculation of appropriate shares for revenues should take account of the costs incurred by communities in managing the resource. The Terai case discussed earlier highlights the disincentives created for communities if they are investing in forest management, but their costs are not recognized or factored into benefit distribution. Another example of an attempt to factor in costs is the application of differential rates of revenue being allocated for planted compared with natural forests. In addition to pure financial costs, a slightly more sophisticated approach might also

factor in opportunity costs to communities and the costs and savings to government, including for any non-forestry infrastructure and services provided through the community forestry initiative. Where government procedures for collecting revenue are very complex, the costs of collection can easily outweigh the revenue raised. In pure financial terms, there is value in keeping the procedures simple.

Another important point relates to the use of revenues from community forestry. Forum participants emphasized that any revenues collected by the State from community forests should be reinvested back into forest management, rather than disappearing into central revenue. In general this linkage between royalties taken by government and reinvestment back into forestry and, more specifically, community forestry, was felt to be very weak, and the management of these funds lacked transparency.



# Clear and simple procedures and institutional arrangements



Having a well designed policy and legal framework is only one part of a functioning forest governance system; effective implementation is another. Forum participants highlighted that implementation of laws and policies fail if:

- people don't know about them. In most countries, the language of policy and law was not readily understood by the rural people who were most affected by these laws, or even at times by the field level staff responsible for their implementation.
- the direct and opportunity costs of following them are too high. Participants from China, for example, highlighted that the high cost to local forest users in following the permit requirements for commercial forest use meant that often users did not follow these.
- they do not address local realities, or they clash with institutional arrangements at the community, local government and provincial levels. Indonesian participants highlighted that such disjuncture is often found between laws and rules operating at different levels in their country.

Forum participants agreed that, in general, community forestry arrangements needed to improve in all of these areas. They also agreed that this would be helped by developing policies and laws in a more inclusive way, so that local conditions and perspectives could be addressed at the outset, or in revisions to rules and regulations at the national level.

With the decentralization trend in many Asian countries, the question arose as to the most appropriate scope for laws and policies at different levels of government. Participants were of the view that, in countries effecting decentralization, it was more appropriate for national laws to focus at the level of broad policies and frameworks, guaranteeing certain rights in relation to community forestry and benefit flow. Another important role for national institutions was in providing a monitoring and

guiding role for the continuing development of community forestry.

However, particularly in large countries with diverse landscape and community conditions, specific operational guidelines need to be developed closer to the ground, so that they can address this diversity. Indeed decentralization gives provincial and local government at the district or sub-district level an increasingly important role in setting such local regulations and rules. An example of this is the delegation of many specific powers to develop community forestry related rules to the province level in India.



Local government is also taking a growing role in formalizing rules for resource use and the work of village level community forestry bodies. In India, minor forest products have been placed under the ownership of *panchayats* (elected sub-district governments). In Indonesia, district governments play a key role in approving community forest licenses. In Sri Lanka the developing community forestry model requires community forestry user groups to register as a society with the district level Divisional Secretaries. This makes them a



legally incorporated body, which can enter into legal agreements with the Forest Department to manage government forests.

Community forestry bodies at the village level are the final critical link in the governance chain, and play a critical role in local forest governance. Designing appropriate and complementary laws and rules to function effectively across these levels (village, sub-district, district, province, national) was therefore flagged as a key area for future attention. In India, one way of strengthening the linkage between Joint Forest Management Committees and *panchayats* has been to include representatives from the *panchayat* on Joint Forest Management Committees. This is seen as a useful approach because it enables checks and balances on village level governance arrangements, as well as providing access to wider development resources through *panchayats*. In the case of India and Nepal, community forestry bodies are gradually taking on a role beyond community forestry to negotiate and mediate wider rural development activities, and becoming a nodal point for developmental activities. The benefits of improving such linkages were widely recognized by Forum participants (Table 1).

Implementing laws involves costs, both to the authority responsible for implementing them and to those needing to comply. These costs increase with the complexity of legal processes. An important issue for benefit flow related to this is the relative magnitude of costs compared with benefits. Where processes are overly complex and



require large investments of money and time to meet requirements, with many hurdles to jump, it becomes more difficult for the commercial benefits of community forestry to outweigh costs. If the process is very complex and the benefits at the end are small, community forestry may not prove a rational choice for communities. In the Philippines, for example, the process for obtaining permits for commercial use of resources is as onerous as those imposed on large scale commercial forestry operations<sup>19</sup>. This weighs heavily on small scale forest producers in comparison with the expected returns.

In addition to the constraints posed by laws that are very complex to implement, people cannot embrace their rights and responsibilities if they do not know about or understand rules and regulations relating to community forestry. Two dimensions were identified for this issue of legal fluency. Firstly, a barrier is often posed by the language of national level policies and laws, which is typically quite legalistic or technical. There is a need for key documents and rules to be translated into plain language that is accessible to non-technical people. A related issue is the need to improve awareness at the community level, as well as amongst field based staff involved in implementing community forestry from government and non-government organizations, as they often lack information on rights and responsibilities.

Apart from information, the other key ingredients for effective implementation of community forestry policies are sufficient resources, capacity, and a supportive institutional culture in government. Forum participants recognized that capacity is often also low amongst field staff and local government on current rules and regulations and how to implement these in practice. Operational regulations and guidelines that are clear and easy to understand by staff at this level could help to build capacity on policy implementation. Participants from Bangladesh highlighted the need for attitudinal and cultural change within government agencies for participatory approaches to flourish. Through such change processes, a basis may be created for more effective implementation of community forestry arrangements, based on better

coordination and synergy between different levels of government, as well as between government actors, communities and the non-government sector.

Another key role for national government was as a facilitator of monitoring processes that engage the various stakeholders involved in community forestry from communities through to local government and civil society. This could be done more systematically than at present through the collaborative development of criteria and indicators, and use of these in monitoring processes to assess benefit outcomes at different levels.

The key areas for action to improve benefit flow to communities from community forestry are summarized in Box 4.



#### **Box 4: Ways to improve the performance of laws and policies to increase the flow of benefits to communities**

- A nested legal framework is needed from the national to the local level. Broad policies and laws can be framed at the national level (based on participation by key stakeholders), together with criteria, indicators and standards to monitor implementation. More detailed rules and guidelines are better formulated at the level of provincial or local government, to enable greater flexibility and responsiveness to local conditions, but also anchored to the national framework. Operational processes need to be determined at the local level, to reflect and build on local needs and institutions, again with linkages to the other governance levels. It is important for governance arrangements at different scales to be connected and complementary.
- National laws and policies need to avoid being overly prescriptive and have to address local perspectives and needs. Strong emphasis should be given to minimizing procedural complexity and transactional costs associated with compliance - laws should be simple to understand and to implement.
- Ensure that legal frameworks work with and complement local traditions, practices and institutions, including those related to benefit sharing at the local level.
- Develop stronger linkages between local institutions responsible for community forest management and local government.
- Monitor social and environmental outcomes for continuous learning and improvement.
- Consider community forestry within the wider context of the integrated development of communities. Community forestry institutions could potentially serve as a nodal point to channel and coordinate other community development activities.
- Explore more market-oriented approaches to community forestry, including opportunities for communities involved in community forestry to benefit from environmental service markets.
- Government can help communities to receive a higher price for forest products to expand the benefit base by facilitating better information, capacity building on value addition and enterprise management, and facilitating linkages with other market actors.
- When combined with secure rights, improved benefit flow to communities helps to provide a strong incentive for sustainable resource management. In cases where revenue is divided between communities and other stakeholders, the costs of forest management incurred by communities should be factored into the calculation.



# Benefit sharing within communities



*“As a result of the active participation of women, dalits and the poor, the SAGUN Program has been largely successful in creating an aware, influential mass of disadvantaged communities, and the formation of critical mass for positive influence, enabling them to claim and exercise their rights, and expedite policy implementation”.*

*Rajendra Lamichhane and Maksha Ram Maharjan, CARE Nepal*

The communities engaging in community forestry are microcosms of the wider societies in which they operate. Individuals and groups within communities are unequal in terms of their assets, their opportunities, and their ability to influence governance processes and outcomes<sup>20</sup>. In many early community forestry initiatives, the problem of elite capture was observed, where the resources and opportunities related to community forestry went to the relatively better off households or groups rather than the poorest. Elite capture is also an emerging issue in countries more recently adopting community forestry<sup>21</sup>. Apart from diminishing the scope for poverty reduction, elite capture can contribute to community conflict. As the Philippines delegation noted, equitable benefit sharing through community forestry bodies is a way to harness the potential of better off community members to support the interests and needs of poorer members.

Countering the issue of elite capture has become a preoccupation for many practitioners as well as government in the early adopting CF countries such as Nepal and India, in order to make CF a

more effective tool for improving the welfare of the poorest, as well as improving the social sustainability of CF by promoting greater equity and avoiding conflict. Two key factors that influence equity in benefit sharing include the ‘social endowment’ (the conditions, level and nature of disparity existing at the community level within which community forestry is implemented), and arrangements for local forest governance.

Discussion in the Forum focused on the second of these points. Explicitly, how local governance arrangements can better engage disadvantaged groups in community forestry processes and the role of different stakeholders, including Government and NGOs, in facilitating this. The work of CARE Nepal, shared by Rajendra Lamichhane (see Box 5), shows that an approach based on analyzing and understanding who the poor and disadvantaged are, together with interventions to improve their representation and voice in community forestry governance bodies, can improve the equity of benefit sharing within communities. In the long term, scaling up such approaches requires a level of policy support, highlighting again the need for good linkages between policy and practice at different scales.



## Box 5: Fostering equitable benefit sharing from community forestry in Nepal through a pro-poor approach<sup>22</sup>

Nepalese society is stratified by caste and gender inequities, which also pervade the local forest governance institutions associated with community forestry. Nepal's long and rich experience in community forestry has been marred by the fact that Community Forest User Groups, the key decision making body for managing community forests and sharing the benefits from these at the local level, have often been captured by the high-caste elite, with exclusion of the poor, women, and *dalits* ('untouchable' castes).

CARE Nepal initiated its SAGUN program in 2002<sup>23</sup> recognizing that without addressing such inequities, sustainable and equitable community forest management could remain a pipedream. A number of major barriers were identified to equitable benefit sharing including the weak institutional capacity of user groups, inequitable internal governance arrangements, and social exclusion of *dalits* and women. Although the policy environment was conducive to community-centered forest management, these policies were not poor-centered. Furthermore, the wider economic empowerment of the poor was not on the community forestry agenda. Through the SAGUN program, a process of capacity building was initiated to foster good governance practice (participation, transparency, accountability, predictability), and to support the rights of excluded groups and economic empowerment of the poor.

A first step in this pro-poor approach, also taken up by a number of other community forestry programs in Nepal, was to identify poor households through a participatory well-being ranking process according to their physical property, social status, employment and income. This was a basis for designing and implementing activities to proactively support the poorest households.

The SAGUN program then established mechanisms and processes to ensure the active participation by the poor in community forest management processes, and to gain their adequate representation in CFUGs.

Women and *dalits* were supported through affirmative action to obtain higher rates of participation and their inclusion on executive bodies of CFUGs. This was backed up with capacity building activities to develop leadership and group management skills in user groups, governance literacy classes and policy advocacy campaigns. The outcome has been the creation of a more politically aware and influential mass of disadvantaged community members that are more able to claim and exercise their rights locally and in relation to policy processes. Overall, there has been a substantial increase in the number of women, poor, and *dalits* taking on key decision making roles in community forestry bodies.

The transparency and accountability of CFUGs is another critical consideration in sharing benefits equitably. The SAGUN program has used a public hearing and auditing process to improve transparency, which enables members of user groups to critically discuss, question and examine the day-to-day business of executive committees over the year. This has had a positive impact on the accountability of executive bodies and reduced corruption.

A number of challenges remain. In the future, institutionalizing pro-poor practices into policies and Forest Operational Plans will be important to give women, *dalits* and the poor an opening to claim and exercise their rights. Once incorporated into policies and constitutions, the measures also need effective implementation based on continuous empowerment and capacity building of marginalized groups. Ultimately, CARE Nepal believes that an integrated and holistic approach is needed to address the situation of women, *dalits* and the poor in rural Nepal, through a pro-poor focus that expands the social, economic, natural, physical and individual assets of these groups in the long term.



# Local governance structures and processes



Experience in South Asia and elsewhere highlights that improving the transparency, structure and functioning of user groups is an important avenue for avoiding elite capture<sup>24</sup>. One important way in which forest administrations interact with such local institutions is through community forestry rules and regulations that provide the legal basis for such bodies to function as decentralized local institutions. Integrating equity considerations in such rules can support the democratization of local institutions. In India, for example, national guidelines specify that the president of the local body should be a woman in every second year and that half of the representatives are women. In Sri Lanka where community forestry regulations are under development, an opportunity was flagged to include social equity safeguards as part of these.

The institutionalization of equity requirements in community forestry institutions provides a supportive framework, but the CARE Nepal example highlights that this on its own may not be sufficient to achieve greater equity for the disadvantaged. Parallel efforts are required to raise awareness and build capacity both amongst government actors and at the community level. The CARE Nepal intervention included capacity building and awareness raising amongst staff and communities (especially forest user groups or equivalent bodies) on equity issues, as well as nurturing participatory and transparent modes of operation in local governance bodies, including financial management. Participants in the Forum recognized that such capacity building was a pressing need in all of the 14 participating countries (Table 1), and would help to build better

understanding of the importance of equitable benefit sharing arrangements, as well as of specific intervention strategies that could strengthen the equity of local forest governance structures and processes.

Such capacity building is not the task of national government alone, but depends also upon effective linkages between communities, local government and civil society. Local government, for example, can play a role in supporting local community forestry bodies to analyze which groups may need special intervention at the community level, and in monitoring equity issues in a 'watch dog' role. Local government also provides a crucial link to wider rural development opportunities, as noted earlier.

Civil society organizations, as the SAGUN case and the work of other NGOs in Nepal show, are crucial actors in testing and spreading effective strategies and mechanisms to improve equity in community forestry through partnerships, capacity building activities and effective linkages with government. Indeed the institutionalization of effective strategies was identified as one of the objectives of the SAGUN case.

Finally, until we find ways to improve benefit sharing, conflict is an ongoing issue that needs effective strategies to manage it. At times conflict over benefit sharing issues has been internal to communities and at other times conflict has emerged between communities and other actors regarding issues of benefit flow. For example, in the case of Nepal, it was noted that sometimes local government tries to raise its own tax income and take a share from the community forest, which brings it into conflict with Community Forest User Groups. Conflict between *panchayats* and Joint Forest Management committees was also noted in India. Finding effective mechanisms to manage such conflict has emerged as an important area of future action. These are important both from the perspective of building effective linkages and partnerships to support CF, as well as securing the social sustainability of CF initiatives in the long run.



# Monitoring to learn and improve

Continuous monitoring and learning can contribute to more effective strategies for equitable benefit sharing. To support this, participants highlighted the need for criteria and indicators to be developed that could provide a framework for monitoring efforts. The need for collaboration between stakeholders in developing these was recognized, as collaboration would enrich indicators with knowledge gathered at a number of localities and scales, and address local realities. The involvement of stakeholders in indicator development and monitoring processes has previously also been flagged as an important way of embedding learning about equity issues into practice<sup>25</sup>. The lessons from monitoring would provide vital information to further develop strategies for benefit sharing at the community level. Monitoring and documentation of the impacts of community forestry in environmental terms is also important to foster ongoing government commitment to community forestry, and open up the scope to extend community forestry to high value forest areas.

The main actions needed to improve benefit sharing at the community level identified during the Forum are summarized in Box 6.



## Box 6: Ways to improve benefit sharing at the local level

- Understand the social structure of communities and work with communities to identify who are the poor and disadvantaged in CF initiatives.
- National, provincial and local government as well as civil society assists forest user groups or equivalent bodies at the local level to function with good participation, transparency and accountability. This will contribute to the wider social capital of communities and enable these groups to take a coordinating role in wider development activities.
- Positive discrimination needs to be accompanied by capacity building and mentoring of disadvantaged groups to give them a real voice in local governance institutions and improved access to community forestry.
- Provide a legal framework for JFM committees to act as a democratic, decentralized local institution.
- Institutionalize effective pro-poor approaches in user group constitutions, operational plans and guidelines helps to improve uptake.
- Develop criteria and indicators for assessing benefit sharing outcomes by forest user groups and local government.
- Build capacity of project staff, field level government staff, community user groups, disadvantaged CUG members in:
  - Monitoring benefit sharing
  - Financial management
  - Transparent, accountable and participatory governance
- Develop effective conflict management mechanisms to mediate conflict within communities and between communities and other stakeholders.





# Equity and benefits: where to from here?



In discussing current issues and challenges, country groups identified a number of pressing challenges within their own countries that needed to be overcome for benefit distribution to become more equitable (Table 1).

Taken together with the earlier summary boxes on key areas for action, Table 1 provides an indication of which issues matter where. It shows that one of the most widely flagged areas for action is the strengthening of linkages between levels of government, civil society and local community forestry institutions. As noted earlier, such linkages are critical not only to improve the practice of community forestry and the benefits that can flow from this, but also to enable communities to access wider development opportunities which can contribute to poverty reduction.

Capacity building at all levels on issues related to benefit distribution was also unanimously flagged as a crucial need. As highlighted earlier, this spanned issues as diverse as attitudes to community participation, knowledge of laws and policies, strategies for transparent and democratic governance by community forestry bodies, procedures and practices for implementation, and more.

The other two issues of wide concern were monitoring of community forestry and providing a sound legal basis for property rights in community forestry. The second point clearly depends on where different countries are in the process of developing and implementing community forestry policies and laws (Annex A).

**Table 1: Key Challenges and areas for future work identified by countries**

Issue	Countries identifying the issue
Develop a legal and policy framework for community forestry.	Thailand, Timor-Leste, Mongolia, Sri Lanka
Effectively implement existing community forestry law and guidelines.	Cambodia, Lao PDR
Clarify property rights and community forest boundaries.	China, Philippines
Assessment and inventory of forest resources to improve transparency of benefit flow	Vietnam, Cambodia, Lao PDR
Improve linkages between national, provincial and local government, civil society and local community forestry institutions to ensure complementary rules and supportive practices	All
Improve multi-stakeholder participation in development of laws and policies	Philippines, Lao PDR India, Sri Lanka
Provide a legal framework for community forestry bodies to act as democratic and decentralized local institutions	India, Sri Lanka
Institutionalize effective practices to ensure equitable benefit sharing	Nepal, Sri Lanka
Build capacity and awareness of government and civil society organizations and community forestry bodies on benefit distribution issues	All
Take community forestry beyond the sharing of limited resources to mobilize additional resources for poverty reduction through better linkages to markets and wider rural development opportunities	India, Vietnam, Philippines, Lao PDR , Indonesia,
Develop agreed criteria and indicators on benefit distribution to enable monitoring by different stakeholders.	Philippines, Thailand, India, Indonesia

Source: Country briefing papers and working group discussions



# Conclusion



*“Forums like this enable us to share experiences and learn from each others’ mistakes. This is necessary...”.*

*K.B. Thampi, Inspector General of Forests Ministry of Environment and Forestry, India.*

In reviewing the role of policy and legal frameworks in guiding benefit flow and benefit distribution, the Forum raised a number of key issues for future policies, laws and programs. First and foremost, discussions reinforced that the benefits of community forest management need to outweigh the costs for it to be environmentally and socially sustainable. Although many benefits have already emerged from community forestry, a significant and secure flow of benefits to communities provides the incentive needed for them to continue to manage their forests sustainably and helps to recompense their management efforts. Laws guiding forest rights and tenure, and the distribution of revenues from forest resources are central to benefit flow. These need to be developed in consultation with stakeholders, and existing laws clarified, simplified and communicated clearly to communities and field staff. At the community level, government and other support organizations need to facilitate transparent and

democratic governance within community institutions, and thus improve benefit sharing outcomes locally.

The participants at the Forum expressed a shared commitment to learn and continue work on these issues to promote greater equity in distributing the benefits and costs of community forestry. Given the different circumstances of the 14 countries participating in the Forum, there will be shared as well as separate agendas in taking forward this work, and different kinds of action and collaboration will be needed. At the national level, the interest to improve collaboration among key stakeholders and bodies and build capacity on benefit sharing will remain important. Regionally, knowledge management, involving documentation and exchange on effective approaches and practices, will remain important. These processes can collectively help to improve the poverty reduction and sustainable forest management potential of community forestry.



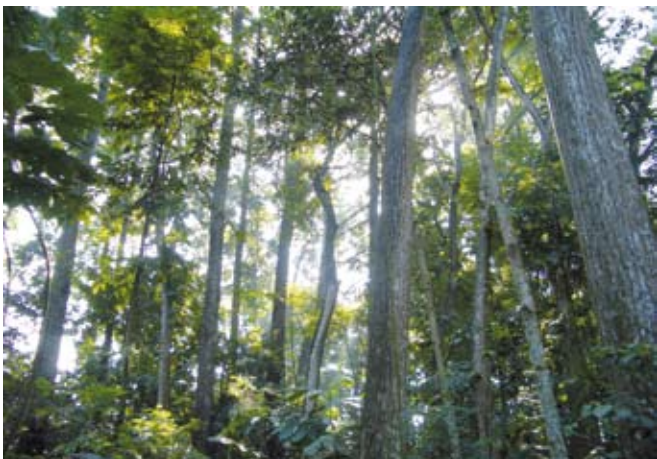
- <sup>1</sup> World Bank, 2002. *Forestry Strategy and Appendices*, World Bank, Washington DC.
- <sup>2</sup> RECOFTC defines community forestry as the governance and management of forest resources by communities, in collaboration with other stakeholders, for commercial purposes, subsistence, timber production, non-timber forest products, wildlife, conservation of biodiversity and environment, and for social and religious reasons. The arrangements for community forestry in the countries participating in the CF Forum vary in terms of the specific rights and responsibilities of communities and government, the types of rights held by a community over a forest area and the types of forests covered, potentially ranging from degraded to high value forests (see also Poffenberger, M., R. Soriaga and P. Walpole, 2006. *Communities and Forest Stewardship*. AFN: Bohol, Philippines).
- <sup>3</sup> RECOFTC, 2005. *First Regional Community Forestry Forum – Regulatory Frameworks for Community Forest Management in Asia*, Proceedings of a Regional Forum held in Bangkok, Thailand, August 24-15 2005, RECOFTC, Bangkok.
- <sup>4</sup> World Bank, 2002. *Forestry Strategy and Appendices*, World Bank, Washington DC.
- <sup>5</sup> Hobley, M. 2007. *Where in the World is there Pro-poor Forestry and Tenure Reform?* Rights and Resources Initiative, Washington DC.
- <sup>6</sup> S. Mahanty, K. Burslem and E. Lee (eds), *A Fair Share? Experiences in benefit sharing from community managed resources in Asia*, RECOFTC, WWF and SNV, Bangkok: 3-9.
- <sup>7</sup> FAO, 2006. *Better Forestry, Less Poverty: a practitioner's guide*, FAO: Rome.
- <sup>8</sup> Adhikari, B. and J.C. Lovett, 2006. Transaction Costs and Community-based Natural Resource Management in Nepal, *Journal of Environmental Management*, 78 (2006): 5-15.
- <sup>9</sup> Mahanty, S. and M. Nurse, 2007. "Introduction to Benefit Sharing in Community-based Natural Resource Management", in S. Mahanty, K. Burslem and E. Lee (eds), *A Fair Share? Experiences in benefit sharing from community managed resources in Asia*, RECOFTC, WWF and SNV, Bangkok: 3-9.
- <sup>10</sup> We define governance here as 'who gets to decide what, and how' in relation to forests, as discussed by MacQueen, D. and J. Mayers, in press. Environmental governance: implications for donors from the practice of governance in agriculture, forestry and urban development, IIED: London.
- <sup>11</sup> Summarised in Mahanty, S. and M. Nurse, 2007. "Introduction to Benefit Sharing in Community-based Natural Resource Management", in S. Mahanty, K. Burslem and E. Lee (eds), *A Fair Share? Experiences in benefit sharing from community managed resources in Asia*, RECOFTC, WWF and SNV, Bangkok: 3-9.
- <sup>12</sup> Vickers, B. and C. Dickinson, 2007. "Report of a National-level Workshop: Hue, Vietnam" in S. Mahanty, K. Burslem and E. Lee (eds), *A Fair Share? Experiences in benefit sharing from community managed resources in Asia*, RECOFTC, WWF and SNV, Bangkok: 69-78.
- <sup>13</sup> Tyler, S. and H. Mallee, 2006. "Shaping Policy from the Field", in S.R. Tyler (ed). *Communities, Livelihoods and Natural Resources: action research and policy change in Asia*. ITDG Publishing and IDRC, Ottawa: 347-372.
- <sup>14</sup> Based on presentation by John Pulhin at the CF Forum; see also Dugan, P. and J. Pulhin, forthcoming. "Forest Harvesting in Community-based Forest Management in the Philippines: Simple Tools Versus Complex Procedures", in Oberndorf, R., P. Durst, S. Mahanty, K. Burslem and R. Suzuki (eds), 2007. *A Cut for the Poor. Proceedings of the International Conference on Managing Forests for Poverty Reduction: Capturing Opportunities in Forest Harvesting and Wood Processing for the Benefit of the Poor*. Ho Chi Minh City, Vietnam 3-6 October 2006, FAO and RECOFTC, Bangkok.
- <sup>15</sup> Hyde, W. F., J. Xu and B. Belcher, 2003. "Introduction" in W. Hyde, B. Belcher and J. Xu (eds), *China's Forests: Global Lessons from Market Reforms*. Resources for the Future and CIFOR, Washington DC and Bogor; Guangping, M. and R.A. West, 2004. "Chinese Collective Forestlands: contributions and constraints", *International Forestry Review*, 6 (3-4): 282-298; Zhang, Y. and S. Kent, 2005. "Collective Forests and Forestland: physical asset rights versus economic rights" in P. Ho.(ed), *Developmental Dilemmas: Land Reform and Institutional Change in China*, Routledge, London and New York: 283-307.
- <sup>16</sup> Nguyen, Q.T., 2005. Trends in forest ownership, forest resources tenure and institutional arrangements: Are they contributing to better forest management and poverty reduction? The Case of Vietnam, paper prepared for FAO Workshop on Forest Ownership and Resource, 18-21 October 2005, FAO, Bangkok.
- <sup>17</sup> Consejo Civil Mexicano para la Silvicultura Sustentable, 2002. *Community Forests of Mexico: achievements and challenges*, Sierra Madre, Mexico City.
- <sup>18</sup> Bampton, J. and B. Cammaert, 2007. "How Can Timber Rents Better Contribute to Poverty Alleviation Through Community Forestry in the Terai Region of Nepal?" in R. Oberndorf, P. Durst, S. Mahanty, K. Burslem and R. Suzuki (eds), *A Cut for the Poor: Capturing Opportunities in Forest Harvesting and Wood Processing for the Benefit of the Poor*. Ho Chi Minh City, Vietnam 3-6 October 2006. FAO, RECOFTC and SNV, Bangkok: 85-100.
- <sup>19</sup> Dugan, P. and J. Pulhin, forthcoming. "Forest Harvesting in Community-based Forest Management in the Philippines: Simple Tools Versus Complex Procedures", in Oberndorf, R., P. Durst, S. Mahanty, K. Burslem and R. Suzuki (eds), 2007. *A Cut for the Poor. Proceedings of the International Conference on Managing Forests for Poverty Reduction: Capturing Opportunities in Forest Harvesting and Wood Processing for the Benefit of the Poor*. Ho Chi Minh City, Vietnam 3-6 October 2006, FAO, RECOFTC and SNV, Bangkok: 38-46.
- <sup>20</sup> Hobley, M. 2007. *Where in the World is there Pro-poor Forestry and Tenure Reform?* Rights and Resources Initiative, Washington DC.
- <sup>21</sup> Mahanty, S., M. Nurse, M. Rosander, C. Greenwood, M. Halley and B. Vickers, 2007. "Benefit Sharing in the Mekong Region – Lessons and Emerging Areas for Action", in S. Mahanty, K. Burslem and E. Lee (eds), *A Fair Share? Experiences in benefit sharing from community managed resources in Asia*, RECOFTC, WWF and SNV, Bangkok: 91-110.
- <sup>22</sup> Based on presentation by Rajendra Lamichhane at the CF Forum; Lamichhane, R.P. and M.R. Maharajan, 2007. "Equitable Benefit Sharing in Community Forestry: experience of the SAGUN program" unpublished paper by CARE Nepal; Maharajan, M.R. and B. Shrestha, 2006. "Public Hearing and Public Auditing in Community Forestry User Groups", *Insight: Notes from the Field*, 1 (1): 28-41.
- <sup>23</sup> The SAGUN program is one amongst many CF programs in Nepal that have attempted to address the second generation issue of elite capture through targeted pro-poor strategies to improve equity outcomes.
- <sup>24</sup> Hobley, M. 2007. *Where in the World is there Pro-poor Forestry and Tenure Reform?* Rights and Resources Initiative, Washington DC.
- <sup>25</sup> Leeuwis, C. and Pyburn, R., 2002. Social Learning for Rural Resource Management, In C. Leeuwis and R. Pyburn (eds.), *Wheelbarrows Full of Frogs: social learning in rural resource management*, Koninklijke Van Gorcum, Assen, Netherlands: 11-24.
- <sup>26</sup> Hyde, W. F., J. Xu and B. Belcher, 2003. "Introduction" in W. Hyde, B. Belcher and J. Xu (eds), *China's Forests: Global Lessons from Market Reforms*. Resources for the Future and CIFOR, Washington DC and Bogor; Guangping, M. and R.A. West, 2004. "Chinese Collective Forestlands: contributions and constraints", *International Forestry Review*, 6 (3-4): 282-298; Zhang, Y. and S. Kant, 2005. "Collective Forests and Forestland: physical asset rights versus economic rights" in P. Ho.(ed), *Developmental Dilemmas: Land Reform and Institutional Change in China*, Routledge, London and New York: 283-307.
- <sup>27</sup> Liu, J. and N. Landell-Mills, 2003. "Taxes and Fees in the Southern Collective Forest Region" in W. Hyde, B. Belcher and J. Xu (eds), *China's Forests: Global Lessons from Market Reforms*. Resources for the Future and CIFOR, Washington DC and Bogor; Lu, W., N. Landell-Mills, J. Liu, J. Xu and C. Liu, 2002. *Getting the Private Sector to Work for the Public Good: Instruments for Sustainable Private Sector Forestry in China*, IIED, London; Miao, G. and R.A. West, 2004. "Chinese Collective Forestlands: contributions and constraints", *International Forestry Review*, 6(3-4): 282-298.
- <sup>28</sup> Nguyen Quang Tan, Personal communication, 27 June 2007; Nguyen, Q.T., 2005. Trends in forest ownership, forest resources tenure and institutional arrangements: Are they contributing to better forest management and poverty reduction? The Case of Vietnam, paper prepared for FAO Workshop on Forest Ownership and Resource, 18-21 October 2005, FAO, Bangkok; Ministry of Agriculture and Rural Development Forestry Sector Manual (Chapter 5).



Country	Property rights regarding community forests	Policies or guidelines regarding revenue from community forests
Bangladesh	<ul style="list-style-type: none"> <li>Forests are state owned.</li> <li>Joint management by state and community through Social Forestry program, mainly for plantation establishment.</li> <li>Access to timber and NTFPs.</li> </ul>	<ul style="list-style-type: none"> <li>Participatory Benefit Sharing Agreements for Social Forestry programs allocate revenue as follows: for Sal Coppice Forest Cons and Devt. FD 65%, beneficiaries 25%, Tree Farming Fund 10%; for strip plantations, FDI0%, land owning agency 20%, beneficiaries 55%, Local Union Council 5%, Tree Farming Fund 10%.</li> <li>Apart from timber revenues, villagers able to use thinnings, fruit, and grow other crops in the woodlot such as peanut, ginger, turmeric etc). Detailed info on revenues generated in paper.</li> </ul>
Bhutan	<ul style="list-style-type: none"> <li>Forests are state owned.</li> <li>Forest and Nature Conservation Act 1995 enables management and use of community forests, conditional on continued care for forest (can be revoked for unsustainable use)</li> </ul>	<ul style="list-style-type: none"> <li>No royalties paid for direct use.</li> <li>All forest products sold are subject to a market sales tax of 5%.</li> </ul>
Cambodia	<ul style="list-style-type: none"> <li>Forests are state owned.</li> <li>Rights to manage and use community forests enabled by the Sub-Decree on Community Forestry adopted in 2003 and the Guideline for Community Forestry Implementation, adopted in 2006.</li> </ul>	<ul style="list-style-type: none"> <li>No royalties paid on NTFPs or timber for direct use.</li> <li>Commercial use of timber and NTFPs requires permits and the level of royalty is to be set by a joint Prakas (Decree) by the Ministry of Agriculture, Forestry and Fisheries and the Ministry of Economy and Finance.</li> </ul>
China	<ul style="list-style-type: none"> <li>Forests are owned either by the state or have been transferred to collectives under the Forest Law of PRC (enacted 1984, amended 1998).</li> <li>Collectives can lease the forest areas to households, agricultural cooperatives, and private companies. Although extensive rights to use, manage and transfer plots are allowed in theory, in practice these rights are often limited through regulations that determine what species can be planted, harvest quantities, transfer of lease titles and so on.<sup>26</sup></li> </ul>	<ul style="list-style-type: none"> <li>Revenue sharing depends upon local management regimes (i.e. whether land management is communal or allocated to individual households).</li> <li>Taxation rates and regulatory fees for forest products vary across counties and provinces and are dependent on types of forest products. The central Government is making efforts to clarify the system of taxes and fees and thereby reduce the financial burden (on average 50% of gross revenue of forest products) it places on rural populations.<sup>27</sup></li> </ul>
India	<ul style="list-style-type: none"> <li>Forests are state owned.</li> <li>Joint Forest Management under national government policy enables use and management of community forests by user groups.</li> </ul>	<ul style="list-style-type: none"> <li>Revenue levels set at provincial level.</li> <li>Usually 100% of NTFPs and other intermittent yield products (e.g. thinnings) go to the community.</li> <li>For commercial timber, a portion is paid to the province government (typically between 10-25%, depending on the province).</li> </ul>
Indonesia	<ul style="list-style-type: none"> <li>Forests are state owned.</li> <li>Use and management rights of community managed forest areas are on three terms: partnership between forest company and community forest group, community forest development and village forest development (Government Regulation No. 6/2007).</li> <li>The implementing regulation (Ministerial Decree on CF) is being drafted with public consultation.</li> </ul>	<ul style="list-style-type: none"> <li>In Java where the forest area managed by Government Company (PERHUTANI), the share revenue for partner maximum 25% of total revenue from standard price of timber product, while timber tax (forest product provision) paid by the company.</li> <li>Agro forestry yield 100% for partner (Executive Director Guideline of PERHUTANI Co. No. 1/2002).</li> </ul>
Lao PDR	<ul style="list-style-type: none"> <li>Forests are state owned.</li> <li>Use and management rights in demarcated production forest areas for participatory sustainable forest management.</li> </ul>	<ul style="list-style-type: none"> <li>Under MAF Regulation 0204/2003, log royalties from competitive timber sale are as follows: 30% to National Treasury, 20% to Forest Development Fund (national), 25% to District Forest Mgt Unit for operations and implementation costs, 25% to Village Development Funds.</li> <li>Revenue from NTFPs is unregulated.</li> </ul>



Country	Property rights regarding community forests	Policies or guidelines regarding revenue from community forests
Mongolia	<ul style="list-style-type: none"> <li>Forests are state owned.</li> <li>Management and use permitted through long term leases over community forests.</li> </ul>	<ul style="list-style-type: none"> <li>None developed so far.</li> </ul>
Nepal	<ul style="list-style-type: none"> <li>Forests are state owned.</li> <li>Use and management rights for CFUGs over community forest areas.</li> </ul>	<ul style="list-style-type: none"> <li>CFUGs retain 100% of takings from NTFPs and timber, except for the following species if sold for commercial purpose outside CFUGs, for which a 15% royalty is paid to central government; Shorea robusta and Acacia catechu from the Terai region.</li> </ul>
Philippines	<ul style="list-style-type: none"> <li>Forests are state owned.</li> <li>CBFEM a primary government strategy for forest mgt under Executive Order No. 263 1995 enabling use and management of designated community forests.</li> </ul>	<ul style="list-style-type: none"> <li>CBFM beneficiaries can retain 100% of income from trees planted by them, but for natural forests (timber and NTFPs) a 25% royalty is paid to government.</li> </ul>
Sri Lanka	<ul style="list-style-type: none"> <li>Forests are state owned.</li> <li>Community forestry law currently under development, with pilots providing rights to develop, manage, and use forest resources.</li> </ul>	<ul style="list-style-type: none"> <li>Legal arrangements currently under development.</li> </ul>
Thailand	<ul style="list-style-type: none"> <li>Forests are state owned.</li> <li>No national legislation on community forestry, but management and usage rights permitted in some national forest reserve areas by mutual agreement between forest agency and communities; also cases of informal access to traditionally used / managed areas within protected areas.</li> </ul>	<ul style="list-style-type: none"> <li>No rules specified, though in practice NTFPs are unregulated.</li> <li>Logging ban means no legal timber harvesting.</li> </ul>
Timor-Leste	<ul style="list-style-type: none"> <li>Forests are state owned.</li> <li>Community forestry policy under development.</li> </ul>	<ul style="list-style-type: none"> <li>None developed so far.</li> </ul>
Vietnam	<ul style="list-style-type: none"> <li>Forests are state owned.</li> <li>Forest land allocation through long term leases to household level and village level is basis for CF with extensive use, management and transfer rights (timber and NTFPs permitted).</li> </ul>	<ul style="list-style-type: none"> <li>For commercial use of NTFPs, a royalty of 5-25% is paid to the government, depending on the specific species.</li> <li>Individual and community forest owners can take 100% of timber revenue from any forest they have planted (corporate owners pay 2% tax).<sup>28</sup></li> <li>For poor forest, the timber revenue kept by individuals and communities depends on the number of years they have protected the forest. For commercial timber a tax of 15-45% is collected by government, depending on the specific type of timber.</li> <li>For natural forest, Decision 178/2001/QĐ-TTg specifies that 'forest owners' can keep 2% of the incremental value of timber achieved since the forest was allocated. In practice, the actual percentage applied varies between provinces and is higher than 2% in early community forestry provinces where better data exists for calculating incremental growth.</li> </ul>







NORWEGIAN EMBASSY



SWEDISH INTERNATIONAL DEVELOPMENT  
COOPERATION AGENCY



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