

Briefing Paper



Promoting
**COMMUNITY FORESTRY
SMALL AND MEDIUM-SIZED
ENTERPRISES**
in light of the
**ASEAN ECONOMIC
COMMUNITY**

Prepared by:

Community Economy and Livelihood (CEL) Working Group
ASEAN Social Forestry Network Civil Society Organizations (ASFN CSO) Forum

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List of Acronyms and Abbreviations

AEC	ASEAN Economic Community
AEG	ASEAN Experts Group
ASFN	ASEAN Social Forestry Network
AWG	ASEAN Working Group
CF	Community Forestry
CFE	Community Forestry Enterprise
CSO	Civil Society Organizations
FTA	Free Trade Agreement
IIED	International Institute for Environment and Development
IPE	Indigenous Peoples Enterprise
IPR	Intellectual Property Rights
NTFPs	Non-Timber Forest Products
REDD	Reducing Emissions from Deforestation and Forest Degradation
SF	Social Forestry
SMEs	Small and medium-sized enterprises

The ASEAN Social Forestry Network (ASFN) Civil Society Organizations Forum (ASFN CSO Forum) was formalized in 2012 as an institutional component of ASFN meetings. Gradually, the ASFN CSO Forum garnered its pertinent role of being the platform of civil society organizations, local communities, and indigenous people's organizations to distill, consolidate and elevate its important messages to the members of the ASEAN states through the ASEAN Social Forestry Network (ASFN).

At present, the forum is comprised of a collective of over sixty (60) civil society organizations, network and membership organizations and indigenous peoples, local communities and peoples' organizations from 8 ASEAN countries, continuously growing and actively working in the ASEAN region. The same are all active in the forestry sector in the implementation of capacity building, awareness raising, and technical support in programs on community livelihoods, forest rights and land tenure, traditional and indigenous knowledge systems, and climate change mitigation and adaptation. Since its establishment, it consistently engages ASEAN through ASFN in advancing measures, strategies and recommendations promoting community forestry interests, while providing significant critical input to ASFN's plans and direction.

On its recently concluded 4th Forum held in Nyaung Shwe, Myanmar on May 2015, the network has developed four thematic working groups namely: Forest Tenure and Access Rights, Community Economy and Livelihood, Safeguards, and Governance. These working groups will work to support the calls of CSOs detailed in working papers prepared for each theme. The same has been shared with ASFN and other stakeholders.

On June 2015, the CSO Forum actively participated in the 6th ASFN Conference in Myanmar where concrete recommendations were formulated, discussed and elevated to the ASEAN Member States during the formal ASFN Meeting.

Background and Context

Community Forestry Enterprises and the ASEAN Economic Integration: Issues and Challenges

ASEAN houses an estimated 300 million¹ people that depend, directly or indirectly on the various benefits derived from its forests. These people and their communities can contribute to sustainable growth in the region if empowered through supportive policies and programs particularly on community economy, and developing sustainable and forest and non-forest based livelihoods. Though the plans for the AEC espouse equitable economic development and sustainable forest management, there is still much room to enhance the nexus of these two themes in community forestry enterprises across the region. There are quite a number of community economy and livelihood recommendations emanating from the ASFN CSO Forum, which need support from ASEAN member states and relevant ASEAN bodies.

In various countries of ASEAN, unclear and often lengthy and costly procedures hamper access to Non-timber Forest Product ²(NTFP) concessions and thus NTFP enterprise development. Millions of forest based families in ASEAN depend on NTFPs for their livelihood. Lack of access to information and opportunities in an expanding market are also challenges. Research and development on community forestry products and services remains weak. At times, conflicting or lack of reinforcing policies among ministries within one country can also stifle promising community forestry trade chains. Entrepreneurship skill can still be improved, while access to capital is also often a limiting factor for community forestry producer groups.

¹ Excerpted from the Minutes of the Special ASEAN Ministerial Meeting on Forestry, 2012.

² NTFP are defined as "all biological materials, other than timber, which are extracted from forests for human use." These include rattan and other materials for craft making, forest fruits, resins, gums, medicinal plants and honey.

With the coming of the ASEAN Economic Community (AEC), a regional initiative is envisioned to liberalize trade through the elimination of intra-regional tariffs and non-tariff barriers. In a move to forge stronger cooperation among the ASEAN member states to advance as one united force against many larger players in the region, ASEAN plans for an economic community with a single market and production base with free flow of goods, services, investment, capital, and skilled labor.

The AEC has a special focus on small and medium enterprises. Though previous Free Trade Agreements (FTAs) may not have provided the promised support from participating governments to SMEs (Tambunan, Chandra 2014), AEC does espouse equitable economic development. It has been observed, however, that often support available for small businesses within the framework of the AEC is targeted to the urban sector and not smallholders in rural and forestry sectors. For rural and forestry smallholders to truly benefit from the AEC, policies, programs and mechanisms need to be in place to ensure that the benefits of economic integration reach the people who need it the most, while ensuring the protection of their rights and welfare.

Recommendations

Given this situation, the ASFN CSO Forum would like to endorse several recommendations in the advent of the ASEAN Economic Community:

Duly recognize community forestry enterprises, industries and value chains as key drivers to green growth in ASEAN countries³ Indigenous peoples and local communities of ASEAN draw livelihood from the forest while protecting it. They are the most vulnerable to climatic and economic changes. National and regional economic initiatives should consider cultural and social dimensions while embarking on economic development plans. Thus economic planners would do best to employ effective participatory mechanisms to consult with affected communities. It is also hoped that the AEC would support, at an equal level, the community forestry enterprises (CFEs) and indigenous peoples' enterprises (IPEs) as all SMEs.

Encourage ASEAN as a whole and ASEAN Member States to provide services such as technical assistance, incentives, market information, access rights priorities, risk protection, and other development programs to support SF/CF-based Small and Medium Scale Enterprises (SMEs)⁴

Community forestry enterprises (CFEs) and indigenous peoples' enterprises (IPEs) are often distant to other players in forestry value chains. Thus challenges may increase as they enter markets in the framework of ASEAN economic integration. Facilitating the entry of CFEs and IPEs and their market involvement should be a priority. Establishment of a "one stop" service centers for SMEs that is inclusive of local community forestry and indigenous peoples' enterprises is a clear recommendation to address this challenge. These SMEs should also be assisted to meet national/regional product standards and requirements, enhance value addition, increase bargaining power and achieve economies of scale. A process to recognize cost effective, alternative certification mechanisms that are more appropriate to SF/CF SMEs would also reduce their transaction costs. This support could be coupled with capacity building programs and activities that would ensure product competitiveness. Furthermore, a platform for exchange on forest products technologies and product development should be created and institutionalized. Joint planning session(s) between ASFN, ASFN CSO Forum representatives and relevant ASEAN Expert Groups (AEG)/ ASEAN Working Groups (AWG) should be established and institutionalized to

³ Lifted from the CSO Forum Policy Paper titled, "Ensuring that Community Forestry Supports and Benefits from ASEAN Economic Integration" presented by NTFP-EP Asia during the World Forestry Congress 2015 in Durban, South Africa, September 2015

⁴ Recommendation #5, Annex 8A, Consolidated Affirmed Recommendations of the 6th ASFN Conference, Myanmar, June 2015

ensure continuity. Aside from these, the protection of the traditional knowledge, culture and products of local communities should be ensured in any emerging trade framework.

Develop a Private Sector Engagement Framework in SF/CF, particularly engaging socially responsible private sector parts, to enable higher income and improved well-being of small holders⁵ The role of private sector, if properly defined and articulated, has long been proven as one of the key elements in achieving sustainable trade. It is therefore essential to facilitate and regulate the development of equitable partnerships between and among local community producers, SMEs, and the private sector. Principles of ecological and ethical business practices can also be jointly agreed on, supported and monitored. It has been recommended that larger companies would have the role to train community forestry SMEs as part of their duty to share knowledge. This role and relationship already exists in other industries in ASEAN⁶

Towards the development of Community Forestry Small and Medium Enterprises: Matching Concrete Regional Recommendations with Concrete Actions

Parallel to the aforementioned recommendations that were elevated at the regional level, the CSO Forum has formulated a 2-year action plan from 2015 – 2017 with the objective of contributing to the overall goal of sustainable forest management and food security by promoting social/community forestry as an effective mechanism in achieving sustainable development in the forest landscape:

Improving Policy and Policy Support on Community Forestry Livelihoods. In many countries in ASEAN, social /community forestry is gaining ground, but often access to forest resources for trade after tenure has been secured remains a challenge for forest based communities. Access permits and transport documents are often difficult to secure and unnecessarily costly for community groups starting with meager means. Simplified policies and monitoring protocols are needed to ensure that community forestry enterprises can be competitive in the market.

Catalyzing Value Chain Partnership and Incentive Support Services for Community Forestry Enterprises. Streamlining value chains would make them more effective and more efficient for all in the chain. Introducing CFEs to other market players and encouraging fair trade practice is important in realizing equitable economic development but also in up-scaling and upsizing CFEs. Organizing dialogues, market matching and value chain opportunities would redound to the benefit of all stakeholders. Further, dialogues and roundtable discussions with private sector players in select key industries with ASEAN Member States may help draw out policy incentive schemes and proposals to further support community enterprises within the AEC.

Facilitating improved knowledge and capacities of community forestry enterprises.

It is crucial to provide continuing assistance to community forestry groups to further knowledge and capacity on economic development opportunities. This can be achieved by a responsive and targeted capacity building and mentoring program that can be supported by ASEAN.

⁵ Recommendation #6, Annex 8A, Consolidated Affirmed Recommendations of the 6th ASFN Conference, Myanmar, June 2015

⁶ Such downloading of knowledge and skill is already practiced within the ASEAN working group on cosmetics for instance.

Promoting an Intensive and Sustained Consumer Campaign on Green and Fair Community

Products. In contrast to mainstream consumer products that have the benefit of adequate promotional funds from large corporations, CFEs would benefit from the support of ASEAN in promoting community products and services. The inclusion of these products in ASEAN trade fairs, road shows and other promotional activities are important to raise the level of awareness of ASEAN consumers on the benefits of CFE products.

Enhancing knowledge on AEC including impacts and opportunities. The AEC will be launched by the end of 2015 and despite this, many forest based communities, indigenous peoples and local communities have minimal knowledge on the possible opportunities and implications of the AEC. There is still a need to support orientations and knowledge sharing support on AEC for CFEs, support groups and relevant forestry agencies.

Protecting the Intellectual Property Rights of local communities. There have been cases on the loss of intellectual property right of ASEAN plant processes⁷. The fear of this accelerating given relaxed borders and economic stimulation is heightened. It is important to share information on the options that communities have to safeguard their products and traditional knowledge on sustainable forest use and processing. Information on bio-prospecting laws and policies should also be shared.

With the aforementioned plan of action and recommendations, the members of the CSO Forum are open to work and welcome partnerships, collaborative actions, and support from relevant partners most especially the ASEAN Member States and the ASEAN secretariat.

⁷ For example the processes to make perfume out of the Philippine Ylang ylang extract have been patented by a company in a foreign country.



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