
SELF SUSTAINING MODEL FOR COMMUNITY FOREST HARVESTING

INTRODUCTION

While there are scattered success stories of small to medium forestry enterprise (SMFE) for and by communities, this review of existing research and discussions will establish the principles, resources, activities and market factors that ensure successful operations of a SMFE by local communities in Papua New Guinea (PNG) that is sustainable. Foundation for People and Community Development Inc. (FPCD) is a local NGO and during its past 20 years of facilitating community development programmes found that commercially orientated community sawmills in PNG are unsustainable without the ongoing financial support of NGOs like the FPCD itself. This review of literature is an activity funded by Asia-Pacific Network for Sustainable Forest Management and Rehabilitation (APFNet) for FPCD to establish a self-sustaining timber harvesting model for forest resource owners in PNG. The project aims to assist community forestry in PNG to establish a timber enterprise to become export-oriented and market driven enterprises that consistently supply overseas markets with competitive products that has a commercial focus.

From time to time, the report will want to reflect on the findings of Grigoriou who visited many NGOs and communities participating in community forest management and developed an economic analysis tool to assess different production model for community based forest management in PNG (Fox and Keenan 2011¹). Wikipedia referred to a study that was done in Brazilian Amazon which determined the key challenges likely to be faced by organizations like FPCD who have vested interests to establish sustainable practices. In re-evaluating of each challenge identified by the latter study against FPCD's current regime also forms the structure of this report first and foremost to enable FPCD to identify key drivers and requirements that will guide the successful establishment of a forestry enterprise for the local communities.

LAND OWNERSHIP

With the knowledge that customary land ownership is legally recognized and protected in Papua New Guinea, and local people communally own about 97% of the land (Bun *et al.*, 2004²). It is frequently being overlooked to also explain that in practice boundaries are not surveyed, titles are not been registered and the applicable law is customary law (Bird *et al.*, 2007³). That could possibly have been the reason the state therefore sees land tenure in PNG as an obstacle to any form of land based development (Bun 2012) but FPCD understands land tenure the otherwise as there are glimpse of success with its current regime. Papua New Guineans own the land predominately clan based and that has been the starting point for FPCD's Community Forestry Programme.

ORGANIZATIONAL CAPACITY

¹ Fox, J. C., Keenan, R. J., & Saulei, S. (2011). *Final Report for project FST-2004-061 Assessment, management and marketing of goods and services from cutover native forests in Papua New Guinea*. Canberra: ACIAR.

² Bun, Y., King, T., & Shearman, P. (2004). *China's Impact on Papua New Guinea's Forest Industry*. Forest Trends.

³ Bird, N., Wells, A., Helden, F. v., & Turia, R. (2007). *What can be learnt from the past? A history of forestry sector in Papua New Guinea*. London: Overseas Development Institute.

Scherr, White and Kaiowitz (2000⁴) figured out that “community forest owners of natural forests with high quality, accessible timber, strong community organization and good marketing and management skill can profitably sell tropical hardwoods”. Improving communities’ competence to organize a forest management program is therefore part and partial of FPCD’s current practice. FPCD is mandate by the PNG National Training Council (NTC) to train people on forest management including community organization and Donovan (2008⁵) revealed the sustainability part of such efforts that there is consensus that cooperatives and other forms of small holder business organizations are more likely to develop into viable businesses when they emerge from local development processes, thus promoting a sense of ownership and asset building.

CAPITAL

Even Bird, Wells, van Helden and Turia (2007⁶) quoted from a 1964 Annual Report of the Department of Forest is obvious today where “...small-scale enterprise by Papuans and New Guineans is encouraged, economic exploitation of the major timber resources has and will devolve materially on overseas timber operators who are in the position to provide the capital, management and expertise necessary for large scale timber and processing operations.” As it is with most rural communities, Bond (2006) in the Pacific 2020 proved that local communities still lacked credit/start-up capital to establish SMFE thereby require investigation and establishment of options for microcredit schemes. Such actions of way forward for community based forest enterprise is reported by Camara (2011⁷) in Gambia where community members have started their Tree and Forest product enterprises for sustainable development and have received their initial seed capital from the existing Village Development Committees. With the hope replicating the results obtained elsewhere Donovan (2006) share a similar story with the establishment of a revolving community development fund in Laos PDR to support SMFE. If we look at a study in 2010 by Grigriou⁸, he went to the specifics of listing the capital equipment required for a single sawmill operation and they are the portable mill, chainsaw, winches and miscellaneous equipment (PGK100, 000 or about US\$28,000). A truck (PGK260, 000), tractor (PGK162, 000) and skidder (PGK 900,000) were also included as option” (8). Providing such information with statistical backing will then help local people to approach credit facilities.

TECHNICAL KNOWLEDGE

Traditionally, approaches to forestry development in Papua New Guinea have favoured large-scale industrial logging over the development of small-scale commercial forestry. FPCD was established because few incentives existed for local development, and little consideration, if any, was given to institutional aspects or the building of local capacity for resource management or business development. Therefore there is continuous need to promote the basic principles of sustainable forest management

⁴ Scherr, S. J., White, A., & Kaimowitz, D. (2002). *Making Markets Work for Forest Communities - Policy Brief*. Washington, D.C: Forest Trends.

⁵ Donovan, J., Stoian, D., & Poole, N. (2008). *Global review of rural community enterprise: The long and winding road to creating viable business and potential shortcuts*. Turrialba, Costa Rica: Tropical Agricultural Research and Higher Education Centre.

⁶ Bird, N., Wells, A., Helden, F. v., & Turia, R. (2007). *What can be learnt from the past? A history of forestry sector in Papua New Guinea*. London: Overseas Development Institute.

⁷ FAO. (2011). *Socio-Economic Evaluation of Community-Based Forest Enterprise Development using Market Analysis and Development Approach in Community Forestry in Gambia*. In K. Camara, *Forestry Policy and Institutions Working Paper No.27*. Rome.

⁸ Grigoriou, J. (2010). *Production and supply options for community forest enterprises in Papua New Guinea*.

(FAO⁹). FPCD under its various projects relating to sustainable forest management has played an important role in capacity building of its targeted local communities. A dialogue was established with SME policy analysts to look at FPCD being a master trainer to all SMFE in the country with its 20 years of experience in small scale community forestry.

MARKET ACCESS

According to Hunt (2002¹⁰), FSC is an independent, non-profit NGO, formed in 1993 with the aim of providing an economic incentive and improving market access for products that result from environmentally sustainable forestry practices. FPCD developed and managed a group certification scheme under Forest Stewardship Councils and enjoyed a good market reputation for a while when the certificate was still active. Emphasis given to this was Bond (2006¹¹) who stated that major trading partners for finished products are encouraging such endorsements. As such, market access for high-value forest products is likely to be predicated on some form of certification. Further discussion by Commonwealth of Australia (2009¹²) is about product differentiation, through branding, certification programs and value-adding, offers potential for improving returns to farming communities. Value adding opportunities is the next principle for improving access to market but Bond showed that timber processing involves investment in land, buildings, machinery and vehicles, the purchase of local goods, services and fuel, and the employment of local labour. By presenting a case in Peten, Guatemala, Donovan (2006¹³) showed that it can be done where a grant of US\$ 270,000 from government funds was provided for developing centralised processing facilities for primary and secondary transformation of lesser-known and high-value timber species.

CONCLUSION

SMFE compose 90% of SME in most developing countries (Macqueen¹⁴). In Papua New Guinea where land is traditionally owned, this concept is very suiting. The current government has sanctioned the Ministry of Trade, Commerce and Industry to review past policies, consult stakeholder in all the provinces and development partners to formulate the SME Policy to which FPCD had had the opportunity to contribute by commenting on both the policy and the master plan. SMFEs represent a promising option for poverty reduction and forest conservation through sustainable forest management. Their development into economically viable businesses requires an enabling environment, in terms of laws and policies that promote legal access to the resource base, provide incentives for sound forest management, support increased value adding, and promote the formation of human, social, physical and financial capital for sustainable production of timber and NTFPs (Donovan et al. 2006¹⁵).

⁹ FAO. (2011). Socio-Economic Evaluation of Community-Based Forest Enterprise Development using Market Analysis and Development Approach in Community Forestry in Gambia. In K. Camara, *Forestry Policy and Institutions Working Paper No.27*. Rome.

¹⁰ Hunt, C. (2002). Local and global benefits of subsidizing tropical forest conservation. In *Environment and Development Economics* (pp. 325-340). London: Cambridge University Press.

¹¹ Bond, A. (2006). *Pacific 2020 Background Paper: Forestry*. Canberra: Commonwealth of Australia.

¹² Commonwealth of Australia. (2009). *Pacific Economic Survey 2009*. Canberra: AusAid.

¹³ Donovan, J., Stoian, D., Macqueen, D., & Grouwels, S. (2006). *Natural Resource Perspective 104: The business side of sustainable forest management: Small and medium forest enterprise development for poverty reduction*. United Kingdom: ODI.

¹⁴ Macqueen, D. (n.d.). *Supporting small forest enterprises: A facilitator's toolkit*. IIED Small and Medium Forest Enterprise Series.

¹⁵ Donovan, J., Stoian, D., Macqueen, D., & Grouwels, S. (2006). *Natural Resource Perspective 104: The business side of sustainable forest management: Small and medium forest enterprise development for poverty reduction*. United Kingdom: ODI.