

Managing the Commons: Markets, Commodity Chains and Certification

Leticia Merino and Jim Robson (editors)

Consejo Civil Mexicano para la Silvicultura Sostenible A.C. / The Christensen Fund
Ford Foundation / Secretaría de Medio Ambiente y Recursos Naturales
Instituto Nacional de Ecología



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Foreword

Elinor Ostrom

WRITING A FOREWORD for this excellent set of referencing tools is a pleasure for me. It brings back pleasant and intense memories of the Tenth Biennial Conference of the International Association for the Study of Common Property (IASCP) held in Oaxaca, Mexico, in August of 2004. These meetings were well attended by scholars from all parts of the world, by policymakers, by volunteers and staff from many countries, by members of Indigenous communities, and by students. The multi-lingual, disciplinary exchanges that occurred within the sessions, and on the fabulous grounds where the meetings were held, were intense, fun, and exciting. We all came away enriched by new findings and motivated to do even better work in the future.

So many edited books by academics are focused primarily on scientific topics of interest primarily to one discipline. These four volumes dramatically differ from most post-conference publications. The volumes are written by scholars who address broad issues of interest across scientific disciplines that are of major interest to citizens and policymakers in all parts of the world. If scientists are to have any impact on the policy world, efforts like this are essential to provide readable syntheses that document important findings and their policy implications.

In this volume on *Markets, Commodity Chains and Certification*, Scherr, White, Mol-

nar, and Kaimowitz review the findings of multiple studies of devolution of ownership to local communities and stress that strong rights to some of the bundles related to property rights, such as access rights, may be more important than having the entire bundle. Amalia Gonzalez and Nigh use the findings from collective action and common-property theory to raise serious questions about the expansion of certification to include a wider diversity of participants leading to the threat of free-riding of existing practices. In the third article, W. Smith follows the timber commodity chain in detail from the use of chainsaws for logging in Cameroon to the sale of timber by chain stores all over the world. Klooster summarizes a dozen policy recommendations related to markets and certification processes that can be derived from the articles in the volume and then focuses on some of the remaining questions related to ways of mitigating global inequality. He raises the possibility of market transactions eroding cooperative forms of organization.

My recommendation is to put these volumes where you will be sure to read them! We all are inundated with too many publications that swamp our inbox (both electronic and paper) and have to make tough choices as to which we can read. These volumes already provide excellent summaries of an immense body of research—and they are written by authorities who know the field well.

A Word from the Editors

THIS VOLUME is one of four books that have been put together as a follow-up to the Tenth Biennial Conference of the International Association for the Study of Common Property (IASCP), which took place from August 9–13, 2004, in Oaxaca, southern Mexico.

A brief analysis of the conference showed that this was the best-attended and most geographically diverse IASCP Conference to date, helping to attest to the global importance of IASCP and the relevance of the themes under discussion. The conference brought together a new configuration of knowledge across disciplinary, institutional, regional and generational lines. It produced analyses of direct and contemporary relevance for policy-makers and political establishments, and it introduced new topics for specific debate and discussion at an IASCP event.

With such advances having been made, as the organizers of IASCP2004 we felt it extremely important that a concerted effort be undertaken to follow-up on the conference with a series of short, mid and long-term post-conference projects. This set of four publications is the result of the long-term project of producing a series of cutting edge “referencing tools”, based around what were regarded as the most interesting and pertinent conference themes under discussion in Oaxaca. Our hope is that these publications will: encourage

the exchange of knowledge among diverse disciplines, regions, areas of study, and resource types; promote policies and institutional designs that strengthen sustainable development and sustainable resource management strategies; and promote a more permanent structure of Common Resource studies in Spanish and across Latin America.

As mentioned, these four “referencing tools” cover what we believe to be some of the most interesting, relevant topics / themes that came out of conference discussions. These are: Payment for Environmental Services; Conservation of Biological Diversity; Markets, Commodity Chains and Certification; and, Indigenous Rights, Economic Development and Identity. We believe that these are critical themes for contemporary policy making; and that CPR theory and research provides an important fresh perspective for the governance of natural resources for this new century.

These themes were chosen based on an analysis of the panel reports from the conference, the thematic summaries given at the closing ceremony, and participant feedback and evaluations. We believe them to be of fundamental importance for many of the problems and challenges related to the management of natural resources, and the work presented here is a glimpse of the richness and relevance of some of the most interesting re-

search currently being carried out within the field of CPR study.

Within each volume, the first section provides introductory information on the theme under discussion, its relevance within CPR study, a run down of the most pertinent issues under that theme discussed at the IASCP2004 conference, and an introduction to the three featured articles. The featured articles are not simple reproductions of the papers that were presented during the conference but have been modified to produce texts that are clear and concise, not overly technical, and accessible enough for them to be used and understood by a wide range of actors. In addition, the articles in each publication are conceptually and thematically inter-linked so as to compliment each other as part of the same referencing tool. The final section of each volume looks at the key emerging issues from each article, and tries to draw out a set of principal conclusions and recommendations that can provide pointers for future research and policy-making.

ACKNOWLEDGEMENTS

The following texts are very much the result of an important investment in collective action, and we would like to take this opportunity to thank all those who've been responsible for bringing this project to fruition.

Firstly, we would like to say a very special thank you to our fantastic group of thematic experts who were involved in (i) the evaluation and selection of papers earmarked for inclusion in these books and (ii) responsible for the excellent thematic introductions and concluding sections which book-end each one of these publications. These individuals are: David Bray, Daniel Klooster, Augusta Molnar, Peggy Smith, Heidi Wittmer, Susan Kandel and Hernan Rosa (PRISMA), Vincenzo Lauriola, and Victoria Edwards. Without their advice, generous support, punctuality, and expert comments these books would never have come about or certainly wouldn't be as good as they are. We also greatly appreciate Elinor Ostrom for her support of this project and for providing these publications with their Foreword, which introduces each one of these volumes so beautifully.

Next, our thanks go out to all the authors of the featured articles for their continued support for the project, collaborative spirit, and willingness to be flexible when it came to meddling with their manuscripts! We would also like to say thank you to those who very kindly provided us with photos and other images to help spruce up the publications.

On the editorial side of things, we have a number of people to thank who were indispensable when it came to editing and trans-

lating texts, and helping with the design and format of these books. Firstly, we very much appreciate the work of Ma. Teresa Ruiz Ramírez, who, as well as translating a number of the articles, was also responsible for coordinating the translation and editing of all texts in Spanish, along with her team of translators: José Ignacio Rodríguez Martínez, Adriana Villagra Peña, Fátima Andreu Marín, and Ayari Pasquier Merino. Teresa and her team worked very hard to ensure that the versions in Spanish were as faithful as possible to their counterparts in English. For the design and formatting of these books, we have to thank Raúl Marco del Pont Lalli, head of publications at the Government of Mexico's Instituto Nacional de Ecología (INE), who has been responsible for putting these texts together into such attractive volumes.

Last but not least, we must thank our sponsors, the Ford Foundation (Deborah Barry, Program Officer), the Christensen Fund (Enrique Salmon, Program Officer), the Instituto Nacional de Ecología (INE), and the Consejo Civil para la Silvicultura Sostenible (CCMSS) (Sergio Madrid, Executive Director), for their support—both financial and administrative—which has been absolutely crucial. These organizations supported IASCP2004 from the very beginning and so their involvement has been fundamental to the success of all our conference-related work over the last few years.

Work that stretches back from early 2003 right through to this latest project—the post-conference publications—some three years later.

A final word of thanks is left for Michelle Curtain, IASCP's Executive Director, and

Alyne Delaney, Assistant Editor of the Association's quarterly publication, the CPR Digest, for their help in advertising these books and getting them out to as wide an audience as possible.

Enjoy!

Leticia Merino Pérez & Jim Robson

Abbreviations

ACICAFOC	Asociación para la Agroforestería Comunitaria en Centro América (Indigenous and Campesino Association for Central American Community Agroforestry)	FIRA	Fideicomiso de Intereses Relacionados con la Agricultura (Trustfund for Agriculture-related Interests)
AMAN	Aliansi Masyarakat Adat Nusantara	FMU	Forest Management Unit
CBD	Convention on Biological Diversity	FSC	Forest Stewardship Council
CCOF	California Certified Organic Farmers	GWZ	Company Gebroeders Wijma En Zonen
CI	Conservation International	IASCP	International Association for the Study of Common Property
CIBEC	Compagnie Industrielle & Commerciale des Bois Exotiques	IMECAFE	Instituto Mexicano del Café (Mexican Coffee Institute)
CIFOR	Centre for International Forestry Research	INFC	International Network of Forests and Communities
EU	European Union	ITTO	International Tropical Timber Organization
FAO	The Food and Agriculture Organization of the United Nations	JUNAFORCA	Junta Nacional Forestal Campesina (National Smallholder Forestry Assembly)
FECOFUN	Federation of Community Forestry Users in Nepal	NFPP	Natural Forest Protection Program

NGO	Non-governmental Organization	RAMSAR	The Ramsar Convention on Wetlands	TRP	Timber Recovery Permits
NTFPs	Non-timber Forest Products	SMBC	Smithsonian Migratory Bird Center	TRSA	Special Authorizations for Timber Removal
OCIA	Organic Crop Improvement Association	SSV	Sales Of Standing Volume	USAID	US Agency for International Development
PROCYMAF	Proyecto para la Conservación y Manejo Sustentable de Recursos Forestales en México (Project for the Conservation and Sustainable Management of Forest Resources in Mexico)	TRC	Transformation Reef Cameroon	WTO	World Trade Organization

Managing the Commons: Markets, Commodity Chains and Certification

Thematic Introduction

Can Common Property Regimes Alleviate Poverty? Markets and their Absence in the Common Property Literature

David Barton Bray

UNTIL VERY RECENTLY, theoretical reflections and case studies on common property paid little attention to markets. The focus was almost entirely on how local communities had evolved governance systems that allowed them to regulate production and attain sustainable use of their forests, pastures, and fisheries. Most of these common property regimes produced goods for local consumption or local markets. Most commonly, wider markets were seen as an external force that disintegrated common property regimes (Agrawal 2002). Common property management was seen as being entirely different from markets, and in fact at the other end of a continuum from the market. Ostrom, for example, suggested that “CPR situations are rarely as powerful in driving participants.... towards efficiency as are competitive markets.... Simply following short-term profit maximization in response to the market price for a resource unit may, in a CPR environment, be exactly the strategy that will destroy the CPR, leaving everyone worse off” (Ostrom 1990:207). Three major edited volumes on common property institutions, published over a ten year period, have few and passing references to the role of markets in CPRs (Bromley 1992; Burger *et al.* 2001; National Research Council 2002), and mostly comment on their disintegrating impacts. Another major review of common property management of forests

(Arnold 1998) suggests that contemporary common property regimes can be classified as those that have “endured” from the more distant past, and those that have “emerged” in more recent times. However, almost all of those that have “emerged” have done so because of government policy, not because of market forces. This suggests a most problematic and remarkably unexamined relationship between markets and common property regimes.

The special virtues of common property regimes have always been held to be their important role in halting degradation or maintaining the sustainability of a natural resource, with all intellectual energies marshaled to counteracting the inevitable “tragedy of the commons”. However, as the above suggests, in most empirical cases these regimes have not evolved rules to govern collective production or the marketing of common pool resource products. For example, although Ostrom’s eighth design principle refers to “nested enterprises”, a close reading of the text shows that she is not talking about enterprises in any market sense, but rather multiple organizational layers of non-market governance of the resource (Ostrom 1990:101-102).

Thus, most case studies in the above cited volumes analyzed situations where a local community collectively evolved rules that

governed access to a common property, but where both appropriation or harvest and consumption or sale was entirely individual. That this has most often been the empirical case shows how difficult it is for local communities to engage in other forms of collective action beyond managing the common pool resource. Antinori (2000; 2005) was one of the first to note that the common property literature did not analyze cases that included a “systematic focus on stakeholders in a common property resource responding to larger market opportunities as an alternative source of benefits provided by the common property asset”.

Markets would thus appear to have an uneasy and unclear relationship with common property institutions both conceptually and empirically. Is there a theoretical basis for a relationship between markets and common property institutions? Are there any empirical examples of common property institutions surviving or even being strengthened as the common property resource is integrated into the market place?

As has been frequently commented, the focus of international concern on developing countries has shifted from conservation and development issues to poverty alleviation in recent years. Jeffrey Sachs, in one of the most influential recent discussions of poverty alleviation as a global development priority,

mentions agricultural inputs, investments in basic health, investments in education, power, transport and communications services, and safe drinking water and sanitation, as the “Big Five development interventions” that can “end poverty” (Sachs 2005:233-34). However, he is silent on the role of common property regimes as vehicles for poverty alleviation; although he does mention a “group monitoring and enforcement mechanism” in villages that is a tacit reference to common property regime issues (Sachs 2005:238). Sachs’ basic argument is that massive investments in the “Big Five” areas are crucial, and then healthy, educated and productive people will be able to respond to market opportunities. But what role do property rights in general and common property regimes in particular have with regards poverty alleviation?

The articles presented in this volume generally take the stance that market imperfections are what need to be addressed to unleash the poverty alleviation potential of common property regimes, although they are silent on the role of the kind of development interventions proposed by Sachs. This all suggests that we need to think more clearly about the links between sustainable resource management, poverty alleviation, investments in infrastructure and human capital, and common property regimes and resources.

MARKETS, POVERTY ALLEVIATION, AND COMMON PROPERTY FORESTS

With few exceptions, papers at the Tenth Biennial Conference of the International Association for the Study of Common Property (IASCP) conference did not directly address broader theoretical issues connected to the confluence of markets, poverty alleviation and common property regimes. Instead there was a focus on more pragmatic practices and analyses such as community enterprises, certification, and commodity chain analysis. But as mentioned, these approaches all seem to assume that markets have an unproblematic relationship to common property and are the most important element in increasing incomes. They are also quite novel themes in relation to traditional common property concerns. For example, certification is a market-based but socially driven intervention in the price mechanism design to reward sustainable management by increasing the return to labor. To the degree that this premium flows to local communities and poor producers, it should serve to alleviate poverty. Community forest enterprises may be defined as a new institutional arrangement of traditional community governance patterns that can also serve the purpose of increasing income and alleviating poverty (Antinori and Bray 2005). Commodity chain analysis, falls into

a somewhat different category, as an analytical method designed to highlight inequalities in the return to labor and resource extraction for local communities.

Before proceeding with a more specific discussion of each one of these categories, it is important to keep several analytical distinctions in mind concerning the particular characteristics of the stock and flow of natural resources. Different stocks and flows have different implications for common resources and poverty alleviation. Taking the example of forests, if it is a good quality natural forest, then the commercial production of timber for a variety of uses is a viable option. If we are talking about regenerating forest fragments, as is the case in India and much of Asia, then the uses are probably more for subsistence purposes rather than for the market. The second distinction has to do with the flow, and whether the forest product concerns timber (and if so, is it for market or commercial purposes?) or non-timber forest products. In general, timber would appear to be the most promising for poverty alleviation, whilst non-timber forest products are much more problematic (Wunder 2001). The distinctions suggested here may be usefully applied to sharpen the analysis in the strong advocacy article by Scherr *et al.* (this volume).

COMMUNITY FOREST ENTERPRISES

Community forest enterprises (CFEs) are historically rare. This is particularly true if we define them in their most vertically integrated form, as communities that devise and enforce rules (or acknowledge and recognize national forest laws) for sustainable forest management, have a forest that is owned by the community as a whole, and establish a community business that collectively manages the production, processing and marketing of the forest product. Antinori and Bray (2005), in a now-published paper first presented at the IASCP2004 conference, argue that the presence of a large CFE sector in Mexico and emerging CFEs elsewhere in the world indicate the significance of understanding the theoretical ramifications and empirical consequences of this very notable rearrangement of traditional community institutions. They suggest that CFEs as productive organizations have unusual institutional and economic features that require a rethinking of theories of the firm, highlight the varieties of possible institutional arrangements over stocks and flows of the natural resource, and those CFEs may have special importance in both poverty alleviation and sustainable management. The success of a significant number of CFEs in Mexico and elsewhere highlight the importance of tim-

ber production from good commercial quality natural forests as the foundation for any possibility of poverty alleviation through forest management. New research in Mexico is beginning to support the observational evidence that suggests that CFE management of natural forests can both alleviate poverty and generate economic development (Bray and Tardanico 2005). This goal would appear to be much more problematic for non-timber forest products from regenerating forest fragments, and thus one would expect to see few if any vertically integrated common property regimes in these situations. The problems associated with establishing viable community forest enterprises may also mitigate the degree to which forests may be used as a vehicle for poverty alleviation.

CERTIFICATION

Certification may be thought of as an attempt to regulate production through markets rather than through government rule making (Cashore *et al.* 2004; Taylor 2005). Unlike organic agriculture, where regulatory standards have now been set by the government in the United States, Europe, and elsewhere, timber certification is still largely a market-based strategy promoted by non-governmental organizations. The initial objective of forest certification in particular was

to “provide an economic incentive to forest managers voluntarily interested in promoting forest management practices that are in accordance with the principals of sustainable development (Elliott and Donovan 1996). There was no particular preference for local communities and certainly no link to common property. Insofar as the supposed market premium for certified products materializes, there should be some impact on poverty alleviation, although there appear to be few studies on the subject.

As has been widely noted, however, most certified forests are in temperate areas and with large producers, with only a tiny percentage being in tropical forests and an even smaller percentage with tropical forest communities, mostly in Mexico and Guatemala. As has also been noted, timber certification is quite expensive for forest communities and has brought little benefit in the first ten years of experience. As certification becomes more widespread and a new requirement for just being able to compete in the marketplace, then small community producers continue to have trouble competing as relatively high cost, low volume producers. Organic agricultural certification, discussed further in the featured article by Nigh and Amalia González (this volume), is almost always given to individual producers through their organization, and is thus more closely associated with collective

action and social capital issues than common property per se. It has been incorporated as one of the concerns of the common property research community because of a broader concern for alternative production strategies, sustainability, and poverty alleviation.

In both organic agriculture and timber production, large producers are taking over the niche and broadening it to the mainstream. From an environmental point of view this is desirable, but it leaves poverty alleviation in the wake. There is an emerging recognition that for communities, and along with them the possibility for economic competitiveness of some common property arrangements, there must be some form of certification that recognizes production by local communities, as a specialized niche in the marketplace (Molnar 2003). There are a few models around, such as the state of Massachusetts “Local Hero” program, which focuses on both producers and consumers, that promotes consumption of locally produced product (http://www.mass.gov/agr/news/fmr/2000/fmr_2000_06.pdf). Such programs could provide a model for something larger scale and focused on both small farmers and local communities. However, it is unlikely that there will be any standardized label that recognizes common property management as such, although something like this could be held out as a future goal.

COMMODITY CHAINS

Given that commodity chain analysis was developed to follow the transformations and profits generated by a product from production to consumption, and is thus an analysis of marketing, it has also been little applied and used in common property analysis until recently. Commodity chain analysis is focused on the distribution of benefits along a supply chain, and specifically profits or surplus. As such, the featured article by Smith focuses on (using the tropical timber trade in Cameroon as an example in case) when and where exploitation takes place, and whether or not primary producers may be said to receiving a share that reflects the value of the final product and that addresses their economic needs.

CONCLUSIONS

The question of the relationship between markets and common property regimes opens up a whole range of provocative questions on which the common property literature has been largely silent. But this analysis suggests that this silence must be quickly addressed. The common property literature has been quite successful in demonstrating that local common property management, both in its enduring and emerging forms, can be success-

ful in sustainably managing existing and regenerating common pool resources. However, it has paid little attention to the degree to which these management institutions are alleviating poverty. This would appear to be because there have been so few empirical cases where local communities with common properties have used these resources as a vehicle to organize themselves to manage the resource, produce commodities, and process and sell those products into markets. Mexico presents one empirical case where this is happening on a large scale, with other smaller initiatives emerging worldwide (Bray *et al.* 2005). This volume helps provide further empirical evidence to begin to address the question of whether common property regimes can also alleviate poverty through improved and fairer market access, and whether this can become one of the development interventions recommended for both sustainable natural resource management and the “end of poverty”.

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Time for Something Different: Putting Markets to the Service of the Forest Poor

Sara J. Scherr, Andy White,
Augusta Molnar and David Kaimowitz

INTRODUCTION

A GROWING BODY of research reveals that forest markets provide real opportunities for the forest-poor to make substantial income gains, and that the market segments where the poor are active are large, strong, growing and globally significant. Unfortunately, potential opportunities are sharply limited by policies and policy-derived market structures which seriously disadvantage community producers. Scherr, White and Kaimowitz (2003) proposed a “New Agenda to Achieve Forest Conservation and Poverty Reduction Goals,” by finding and developing market opportunities suitable for low-income producers, strengthening local organizations and developing forest enterprises. In this article, we further discuss this “New Agenda”, identify top priorities for policy reform, and illustrate constraints and potential steps forward with empirical evidence from a range of countries, including Bolivia, Brazil, China, and Mexico, among others.

POVERTY ALLEVIATION AND FOREST CONSERVATION: NEW TRENDS AND MARKET OPPORTUNITIES

There is an inextricable link between the futures of the world’s millions of poor people and the world’s forests. About 130 mil-

lion people live in predominantly forested ecosystems in the tropics, and hundreds of millions more live in forest-farming mosaics and in deforested regions where farmers are actively seeking to reconstitute forest cover. One-fourth of the world’s poor depend fully or in part on forest products for subsistence needs (World Bank 2002). Among the rural poor, the percentage is substantially higher. While these forests constitute one of the few significant economic assets available to poor rural communities, the poor cannot leverage them effectively for their own development. Fundamental changes underway in forest demand, supply and governance, however, offer new opportunities for low-income producers in markets where they have, or could develop, a competitive advantage (Scherr, White and Kaimowitz 2003).

Global Forest Transitions Creating Opportunities for Small-Scale Producers

Growing product demand: Though demand for forest products in developed countries is growing slowly, demand in developing countries is growing rapidly—at over three percent per year—and this demand will have to be met mainly by domestic production. New processing technologies are creating demand for small-diameter wood and lower-quality tree species which communities can and do

produce. Forest dwellers located near populated centers with growing domestic demand, particularly inland cities far from commercial ports, have lower transport costs, are more familiar with local preferences, have the flexibility to supply small quantities as needed by local traders and can provide fresher supplies of Non-timber Forest Products (NTFPs).

Increased local control of forests: As a result of recent government recognition of local claims and devolution, nearly one-fourth of forests in the most forested developing countries is now legally owned (14 percent) or administered (8 percent) by Indigenous and rural communities. Local ownership offers opportunities to capitalize on forest assets; which have doubled in the past 15 years and appear set to double again in the next 15 years (White and Martin 2002). These assets, especially stands of tropical hardwoods in natural forests, are becoming increasingly valuable as their supply diminishes due to deforestation, over-harvesting, the establishment of protected areas, and civil disturbance. Forest scarcity, increased prices of timber relative to those for grain, expansion of farming into marginal lands, tree domestication and outgrower arrangements have stimulated extensive tree-growing and commercialization on small farms. In Bangladesh, for example, (small) farms account for the majority of the country's timber production (Vergara 1997).

Competitive production costs: Some small local producers can supply products at lower prices than large-scale commercial suppliers. Many have lower opportunity costs for land and labor and value the collateral benefits of community employment or ecosystem services. In agroforestry systems, the costs of tree production may be lower due to joint production with crops and livestock. Trees may even have a positive effect on the income of associated crops, as in the case of windbreaks. Some forest communities can be competitive because they have resident owner-managers — in contrast to corporations that must account for the cost of hired management and labor. Due to their proximity and because they are highly motivated to protect their long-term community interests, local people may better monitor and protect forest resources from risks like urban encroachment, theft and fire (Eyre and Mundy 2000).

New Market Niches for Small-Scale Forest Producers

While globalization often favors highly efficient, large-scale producers, it is also opening up opportunities to smaller non-traditional suppliers, as new niche markets arise and buyers become more proactive in seeking and securing reliable sources of scarce forest commodities. Forest dwellers have an advantage

in branding for specialty markets, enabling them to target consumers or investors sensitive to reputation or involved in rapidly-growing “socially responsible” market niches. Environmental concerns are creating new markets for certified forest products, ecosystem services such as carbon sequestration (to mitigate climate change), watershed protection and biodiversity protection (Scherr, White and Khare 2004).

Low-income producers can thrive in markets where low-cost processing technologies are known and accessible, where there are neutral or declining returns to production, and for production or collection of wild species that are hard to domesticate or replace. They do best in markets which are not supplied by below-cost sources, such as land-clearing, large-scale illegal logging, or subsidized industrial plantations, and where transport costs to principal markets are low. Commercial production is more attractive to them if it is possible to bundle forest products with ecosystem services, agriculture and other sources to develop a wider portfolio of economic activities. Low-income producers need to manage risks through a “portfolio” of products in different income/risk categories because it maintains the capacity to switch products as demand changes. Compound revenue streams may be derived from harvesting different products from a multi-purpose tree,

harvesting at different ages, or harvesting from a diverse mix of species.

On the demand side, low-income producers benefit from a competitive market that includes a large number of buyers, open and transparent bidding, and low costs to market entry. Entry is easiest in markets with more flexible requirements on quality and volume, and where intermediaries are experienced in dealing with small-scale producers.

Policy Barriers to Forest Enterprise Development

Despite these promising trends, major policy barriers sharply limit community forestry development and forestry's contribution to poverty reduction goals. We argue in the sections below that major impacts on poverty reduction and forest conservation require policy action to: secure forest ownership and access; reduce the regulatory burden for local forest producers; level the playing field for local producers; increase public and civic investment in market development; and involve poor producers in governance and policy.

It makes sense for countries to invest in the policy reforms needed to make forest markets work for poverty reduction, rather than pursue alternative strategies, for the following reasons:

- Forestry builds on existing assets of the poor and raises the value of those assets;
- Strategies that enhance forestry's financial value as a land use will be essential for conservation of the approximately 90 percent of forests (and their ecosystem services) outside public protected areas, to enable them to compete with other land uses;
- Such strategies target the numerous forest regions that are spatial poverty traps;
- Building forest assets and forest economies lays the foundation for a renewable source of diverse products for growing populations;
- Commercial forestry development and forest conservation build a range of local capacities relevant to rural and community development; and,
- Reforming policies that currently discriminate so sharply against the poorest is justified as an issue of basic human rights.

With well-designed assistance for community-based enterprises, supportive policies, and the active engagement of the private sector, tens of millions of poor households can benefit from forest markets. But unless the next decade brings a major global effort to secure and develop their opportunities, these forest communities will not only be unable to capitalize on their forest

assets—but also have little incentive to protect them.

SECURE FOREST OWNERSHIP AND USE RIGHTS OF LOCAL PEOPLE

Tenure Constraints on Local Forest Enterprises

Restricted forest access, controls on use, and tenure insecurity are the most serious constraints to the development of local forestry enterprises. Colonial and post-colonial governments claimed most forested land for the state. Even today, half to two-thirds of all forests are state-controlled, including large deforested areas, degraded forest lands, and farmlands on steeper slopes. Most parks and protected areas are under state control, with strict limits on local use.

Such extensive state control of forests is under serious question today. Overwhelming evidence has shown that economic and social development simply does not occur in places where most local people's access to resources is limited or insecure and environmental protection is hampered. Another practical consideration is the inadequate fiscal capacity of most low-income countries to manage public forests. A study of African governments' spending on forests during the 1990s found that on average they spent only 82 cents

(U.S.) per hectare. Of sixteen countries providing information, spending had fallen in ten (FAO 2003). These levels are insufficient to meet ambitious objectives of forest conservation; moreover they are unlikely to increase to adequate levels in the near future.

Greater efforts are needed to secure and strengthen local forest rights, including the return or transfer of public forests to the private ownership of rural communities and households; the strengthening of local use and management rights in public forests; and the safeguarding of local rights over ecosystem services from forests (White and Ellsworth 2004; Agrawal and Ostrom 2001). Rather than utilizing public resources for forest protection and management, governments can reduce costs and still conserve environmental values by supporting Indigenous communities to defend their own protected areas and local farmers to establish agroforestry systems.

Recognize Local Ownership

Legislative reforms in many countries are re-establishing local peoples' historical ownership rights over forest lands (Ford 1998; Lynch and Talbott 1995). The proportion of forest owned or administered by communities doubled in the last fifteen years, and is now approximately 350 million hectares

(White and Martin 2002). Transferring forest assets to the ownership of the poor, recognizing community ownership, and securing long-term use rights are politically and financially feasible strategies for poverty reduction. They are also a necessary condition for producers to enter actively into long-term business contracts, and to take advantage of the financial incentives for conservation and efficient use that come with private rights.

Rights may take diverse forms. Some countries have granted (or formalized) full individual or group ownership rights, especially to Indigenous peoples, over lands previously claimed by the government. Even where legislation presents clear instruction to allocate forests to communities, implementation has been very slow (Djeumo 2001; FAO 2001; Lazo 2001). Meanwhile, the highest quality forests are still usually retained by the state or the state claims a disproportionate share of income from them (Mariki 2001). If local people are to develop successful forest enterprises to overcome their poverty, then a greater share of more commercially valuable forest resources must be transferred as well.

Laws governing local forest management need to strengthen and clarify local rights, with provisions that improve long-term security and preserve flexibility (Meinzen-Dick and Knox 2002; Wollenberg and Ingles 1998). Communities can handle internal

management challenges without clear state laws, but the latter are needed to define the rules by which they interact with outsiders, define the limits of state power, provide basic protection for individuals against the abuse of local power, and provide basic guidelines for the protection of wider societal interests (Lindsay 1998). For community-based enterprises to be profitably involved in forest leasing or other arrangements requires forest governance mechanisms that promote equitable bargaining, informed consent, adequate notice, formalization of community and local legal personality, and third party support for negotiations on benefit-sharing (Lynch and Talbot 1995).

Strengthen Local Rights to Use Public Forests

New mechanisms have proliferated for devolving forest use and management rights in public forests to local communities, villages, user groups or households, even when the state retains ownership. Strong access rights to forests can often be more useful than weak ownership rights. Site-specific arrangements include co-management agreements (notably in South Asia), village forest reserves, and long-term community or household forestry leases, often upon negotiation to manage the areas in accordance with an agreed-upon plan

(Christy, Mekouar and Lindsay 2000). In Nepal, for example, the Leasehold Forestry Development Program, begun in 1990, provides groups of poor villagers with a 40-year lease on otherwise productive land for tree-growing and livestock-raising. The Program now operates in 26 districts and has helped 11,000 families (mostly from disadvantaged ethnic groups) to reclaim 7,000 hectares of hillside land. Incomes have increased, and studies show that six percent of project households report the return of a household member who had previously migrated for work elsewhere (Pant 2003).

In several countries, local groups have successfully negotiated new land use rights by demonstrating a willingness to adopt sustainable management practices and control deforestation. Recent studies in Ecuador, Guatemala, India, Uganda and the United States found that under certain circumstances, local community groups were effectively able to regulate the use of threatened forests to which they were granted management rights (Poteete and Ostrom 2001). Success was more likely where government agencies did not undermine local efforts to monitor forest use, sanction abuses, and resolve conflicts; where the forests were small enough to easily monitor; where local groups perceived forests as important; where groups had previous organizational experience and shared a

common understanding of what was happening in the forest; and where the political system empowered groups within communities that favored sustainable forest management, rather than those with a strong vested interest in unsustainable activities.

Secure Local Rights to Ecosystem Services of Forests

Rights to most ecosystem services of forests have not been legally established in a majority of countries. As the financial value of these services increases and as new markets and payment schemes for these services are established, there will be, and already is, considerable debate to negotiate rights. It is critical that local people's rights be strengthened and clarified before the rules governing these markets are formalized. Once financial payments are available for watershed or biodiversity services, definitions or rights must become more specific and are likely to change, potentially to the detriment of traditional local users (Powell, White and Landell-Mills 2001). If local rights are enforced, and equitable, transparent and efficient systems for organizing resource transfers and compliance monitoring developed, ecosystem service payment schemes could provide sizeable financial benefits to poor rural communities (Scherr, White and Khare 2004).

REDUCE THE REGULATORY BURDEN ON LOCAL PRODUCERS

Regulatory Constraints on Local Forest Enterprise

Reducing the excessive regulatory burden on local forest producers will often be necessary for them to participate profitably in forestry markets. Even producers owning their own forest or growing their own trees typically face prohibitions or restrictions on commercial use and marketing that pose high economic and welfare costs. Many forest agency permit systems were originally put in place to earn revenue, and are not linked to any specific management or conservation objective.

Over-regulation

Forest market activity in most developing countries is choked by excessive state regulation (Scherr, White and Kaimowitz 2003). Barriers are posed by permit systems, management plan requirements, and designation of species and areas off limit to commercial harvest, even for producers using artisanal methods or simple gathering. The bureaucratic gauntlet facing those who wish to sell timber is illustrated by the case of West Bengal, which dictates almost ten steps to sell timber grown on private lands (Saxena 2000). Coun-

tries also impose numerous business rules, ranging from requirements for the location of sawmills (for accessibility of regulators, rather than the forest resource), to restrictions on the use of chainsaws by small-scale loggers (only recently lifted in Honduras). In India, most aspects of NTFP collection and marketing are strictly regulated (Mallik 2000). And globally, though the widespread legislative bans on cutting hardwood species for woodcarving are rarely enforced, they present a disincentive for planting or management by local people and create confusion (Belcher *et al.* 2002). Complete logging bans have now been adopted in many countries, with dramatic social and economic impacts. For example, the government of the People's Republic of China adopted a set of policies to dramatically reduce logging in 1998. This "Natural Forest Protection Program" (NFPP) included a ban on logging in the upper reaches of the Yangtze and Yellow Rivers, where communities own the vast majority of the forest, and reduced logging in the Northeast and Inner Mongolia, where state-owned forests predominate. Some 27 million hectares of collective forests are covered under the ban, approximately 40 percent of the total area under the NFPP. It is estimated that between 750,000 and 1 million employees of forest enterprises were made redundant and some 500,000 collective forest workers lost

their primary source of income. Prior to the logging ban, collective forests were the source of 40-60 percent of all timber, sawnwood, veneer, and fibreboard in China. In Sichuan Province—in the headwaters of the Yellow River—production from community forests dropped to an average of 6 percent of pre-ban levels (Katsigris 2001).

In other countries, Indigenous communities have long-term rights to extensive tracts of natural forest, but they are denied the right to commercially exploit them. Brazil illustrates how this situation is sub-optimal for everyone. Even though Indigenous people's rights have now been recognized over large areas of forest, they are strictly prohibited from utilizing much of that resource commercially. Thus, they do so illegally, but end up selling mahogany to buyers for a fraction of its commercial price because they are unable to raise capital or access technical assistance to institute sustainable management systems (White and Martin 2002).

Even when local producers try to stay in compliance, expensive, complex, poorly understood, and contradictory regulations make it difficult. Often the same forest area is subject to regulatory oversight from multiple agencies, particularly in aspects of forest management, wildlife management and NTFPs. Forest rules are thus easily abused as social or political controls, through selective

enforcement. The high cost of compliance to so many agencies also encourages illegal operations, particularly for producers of low-value commodities or low volumes. For example, Brazil's attempts to control the mahogany export trade have increased corruption, especially species misspecification, and diversion of mahogany to less discriminating domestic markets, where governance problems are more acute (Richards *et al.* 2003). Criminalizing local forest use harms the poor, undermines local initiative for forest conservation and establishment, and diverts public resources for forest protection.

Problematic Forest Management Plans

Required forest management plans are another ubiquitous barrier for low-income producers, whether to qualify for forest use and marketing rights, or for technical or financial support. Such plans typically have complex requirements—drawn from large-scale concession models—that force them to contract for external technical assistance, and elements that are completely irrelevant to the management of small forest areas (Christy, Mekouar and Lindsay 2000; Kaimowitz 2003). Externally developed management recommendations are often technically inappropriate to local conditions (Molnar and White 2001).

The greatest political constraint for developing community agreements, cited in a survey of seventy-five Brazilian tropical timber companies, was the difficulty in getting a forest management plan approved. The plan itself is difficult to prepare, but even once submitted to the regulatory agency, may take many months to be approved. Regulatory frameworks frequently privilege forest plantations, and large ones, over natural forest management. In Brazil, it is much easier to get approval for a plantation management plan than for natural forest management. Yet even plantation-based companies feel that current environmental legislation poses so many restrictions that it becomes economically impractical to establish a plantation forest in an area smaller than fifty hectares (Vidal 2003). For more on Community-Company collaborations see the text box later on in the article.

Strict Regulation has not achieved Forest Conservation

Resistance to opening markets for low-income forest producers has stemmed in part from forest conservation concerns. However, the evidence suggests that the complex regulatory approach has been largely unsuccessful in encouraging sound forest management. Agency resources are inadequate, regulations

are ecologically unsuitable for local conditions, local people are unaware of the rules, and widespread corruption discriminates particularly against the poor. Moreover, this stance ignores the fact that most remaining “wilderness” areas identified as priority protection areas by leading international environmental groups contain Indigenous residents with legitimate claims to the land there. The fact that communities are as good, and often better, managers of their local forests than governments is also disregarded (Molnar, Scherr and Khare 2004).

Under policies promoted by some environmental groups and industry lobbyists, most industrial wood would come from industrial plantations in the near future—thereby further strengthening the forest industry and isolating forest and farm communities from potential income (Victor and Ausubel 2001). This theory has little application, however, for low-income, highly populated forest regions. First of all, plantation supply does not reduce domestic demand for wood or other forest products, or the most important threat to natural forests: agriculture. Plantations inadvertently reduce economic incentives to invest in more sustainable production in natural forests, driving producers into unsustainable, often illegal, low-return systems. These distortions are heightened by production subsidies, totaling more than \$30 bil-

lion in developing countries (Bazett, Bull and White 2004). Indeed, in most such areas it is unlikely that large-scale conservation can be achieved *without* engaging local people in marketing their forest products and services.

Approaches to Regulatory Reform

Reducing the excessive regulatory burden on local forest producers is essential for them to utilize their own forests or public forests for economic development. Rather than continue to ignore and deny Indigenous and other communities rights to use their forests, conservationists and the forest industry need to embrace Indigenous and other local communities to support their vision of conservation and sustainable production. This shift would greatly extend the area of natural forest effectively under long-term conservation without diminishing local rights.

There are five broad recommendations for regulatory reform that could be applied in different situations:

- 1) Focus regulations and enforcement on critical problems

The first recommendation is to focus public regulations and enforcement on only the most important externalities, the most important sites and the most important operators:

- Limit regulations to the most important externalities. Public regulations limit property rights. Thus they should be used with caution, and only for the most important externalities of public concern. This prioritization enables government officials to dedicate their scarce enforcement efforts to the issues deemed most critical to the public.
- Focus enforcement on the most important sites. All forests are not created equal from a biodiversity or ecosystem function perspective. Much work in the last decade or so has gone into identifying enforcement sites with particularly high conservation value. Channeling enforcement to these particular sites, whether on governmental or private land, would similarly allow for a more efficient use of government resources.
- Focus enforcement on the most important operators. The needed “crackdown” on illegal forest use should focus on large-scale actors with the greatest potential to do large-scale damage in the short-term. Another reason for targeting large-scale actor is because they are, by far, the greatest direct beneficiaries of public forest concessions in developing countries, and have contractual obligations to protect public forest resources.

2) Simplify regulations

The second approach is to drastically simplify forest regulations to reduce cost and complexity, and to remove discrimination against local, smaller-scale producers. A review of successful natural resource management programs in Africa found that an alternative, more effective approach to forest regulation is to set minimum standards, specify goals, set targets and establish restrictions and guidelines for environmental use and management. Any organization, individual or government agency operating within those restrictions needs no approval from a government or management plan to use or manage resources. This approach allows for innovation and initiative as well as responsibility to be developed at the local level (Anderson *et al.* 2002).

Liberalization of markets and the removal of bureaucratic controls could be implemented immediately where markets pose no environmental risks, such as where significant production is from trees on farmlands in regions where agricultural markets work fairly well, and for the gathering of low-value NTFPs for sale (N.C. Saxena 2001, pers. comm.).

3) Encourage local regulation and voluntary compliance

The third recommendation is to devolve forest regulation to local governments and encourage voluntary compliance. In general, forest regulations should be tailored to local conditions and monitored locally. Rather than focus on punitive regulatory controls for local forest producers and users, conservationists should resolve to undertake the slower, but more sustainable, approach of building social expectations and pressure for improved practice. This would focus on education to help actors understand the rationale for forest management recommendations, and would leverage social incentives for compliance. In many cases, detailed management plans could be replaced by “packages” of voluntary “best management practices”, with transparent and participatory processes to monitor compliance, coupled with “bad actor” laws for punishing egregious failures of compliance. In general, community forest management should be based on local realities, and use familiar, already established local rules as a starting point (Kerkhoff 2000; Smith, Scott and Merkel 1995).

4) Foster certification

In some situations, third-party, private certification can be a lower-cost approach to

ensuring conservation outcomes than regulations on forest use and management and their enforcement. Already some governments are exempting certified forest producers from compliance with government regulations, since part of the certification process ensures that critical management practices have been adopted. Meidinger (2003) makes the point that forest certification functions *de facto* as a form of environmental law-making by global civil society. Some certification schemes are methodically crafted by international networks of policy actors to define and implement the rules under which forest management enterprises are to operate, and verify that standards are met.

5) Institutional reform

To meet the regulatory challenges for small-scale and community forest producers, Kaimowitz (2003) argues the need not only for forestry law reform, but also reform of the institutions involved in forest regulation, enforcement of existing laws that favor rural livelihoods, and more community-based enforcement. Governments need to reduce and decentralize the functions of regulatory agencies to enhance efficiency and responsiveness to local conditions. An adaptive management and learning approach is most sensible, given the extensive gaps in knowledge about en-

forcement practices and impacts. Legitimate conservation concerns about deregulation may be addressed by undertaking reforms on a pilot basis and monitoring the impacts. New systems of remote-sensing and community forest-watch organizations can provide reliable monitoring of forest activity and trigger intervention where major threats to forests arise. Local people can also organize their own monitoring strategies, based on locally agreed indicators (Ottke *et al.* 2000).

LEVEL THE PLAYING FIELD FOR LOCAL PRODUCERS

Unfair Market Rules Constrain Local Enterprises

Participation by the poor in forest markets is often constrained by underlying market weaknesses such as physical isolation, the low commercial value of forests, high transport costs, and highly fragmented markets with high transaction costs. But in other areas with economically valuable forest resources, good market access, and integrated economies, forest market policies that discriminate against the poor pose even more formidable barriers for local enterprises. Governments commonly subsidize or provide privileged access to large-scale producers and processors, establish market rules that especially burden

small-scale producers, set price policies that undervalue the forest resource, establish official buyer monopolies, create artificial incentives for outside actors to clear local forests, and set excessive taxes and forest agency service charges. With increasing consolidation of forest companies, large-scale buyers can manipulate the market to the disadvantage of weaker suppliers, and large vertically-integrated producers can set up insurmountable barriers to new entrants in the market.

In Mexico, for example, where the majority of forests and many sawmills are community-owned, market standards require raw lumber to be over-dimensioned by 25 percent. That is, a two-by-four actually measures 2.5 by 5.0 inches. In the U.S., where lumber producers have become more politically powerful and actively lobbied for changes in national standards in the 1960s, a two-by-four now measures 1.75 by 3.5 inches – increasing the volume and value of all sales by 25 percent. This example indicates how a seemingly simple change in standards can have a dramatic effect on the distribution of profits.

Taxes and fees are a major barrier to private investment in sustainable forest management in China. These fees are not only high (frequently amounting to over 50% of product value) but also numerous, with producers often facing as many as 15 different charges, inserting a great amount of uncertainty and

potential for corruption into the market (Lu *et al.* 2002). Data presented in Table 1, drawn from field surveys in Hunan and Jiangxi Provinces, indicates that local level charges make up some 70 percent of total charges. Moreover, in China, Niger, and some other countries where local fiscal policies have been studied, tax policies were found to discriminate against small holders (Ribot 1996; Sun 2002). In the U.S. and Indonesia, stumpage fees charged to large industrial logging companies for wood from public forests are often set well below forest management and replacement costs, while small-scale enterprises are charged more or are ineligible to buy (Barber, Johnson and Hafild 1994).

Subsidies for industrial forest plantations in developing countries account for over \$30 billion each year, and are directed almost entirely to benefit larger-scale producers (Bazett, Bull and White 2004).

Promote Competitive Markets

Poorer forest producers benefit the most from a “level playing field”—markets with many buyers and sellers, few limitations on market entry or operation, flexible quality and volume requirements, and no subsidies or regulations favoring large-scale actors.

Efforts are needed to eliminate public and private monopolies and monopsonies in

Table 1: Importance of taxes and charges as a portion of forest product value

Form of Taxation	Forestry area		Mixed forestry and agriculture area	Hilly agriculture area	
	Huaihua Prefecture, Hunan	Xiushui County, Jiangxi	Lingxiang County, Hunan	Yueyang County, Hunan	Yongxiu County, Jiangxi
Taxation	25%	21%	16%	16%	18%
Legal charges	23%	30%	26%	22%	29%
Illegal charges	2%	7%	3%	0%	11%
Total	50%	58%	45%	38%	58%

Sources: Liu, J. *et al.* 2001; Lu, W. *et al.* 2002.

forest markets, and to diversify the pool of market intermediaries. For example, the use of “tied” credit deals that oblige local producers to sell to individual private traders should be discouraged. Local producers harvesting in public forests should be free to sell to any buyer, not restricted to selling to a forest agency monopoly. Agencies should not be allowed to sell the right to collect NTFPs from public forests. Minimal volume rules for bidding on forest concessions or purchase should be lowered or dropped, as well as minimum area limits for participation in forest development and conservation projects. Intermediaries should be encouraged to bundle products

from small-scale producers, to achieve economies of scale.

A variety of strategies could be used. In remote areas, it may be necessary for third parties to help local producers negotiate with monopsony traders. In well-linked areas, governments can encourage competition. For example, *rattan* auction markets were established in Kalimantan, Indonesia to introduce more competition and help break the tight hold of a cartel of traders. As a result, price and quality criteria became more transparent to public users as well (Belcher 1998).

New legislation facilitating community producer-industry contracts and partnerships

may be needed. Legal and industry standards for fair business contracts can be developed to help safeguard the interests of less powerful local producers. Public information services can be set up to provide reliable price and market information, as well as practical guidance on market entry. Local communities can be enabled to take on a more active role in market governance, as was done in woodfuel markets in Niger (Ribot 1999).

While most of the commercial opportunities for low-income producers will be in domestic markets, it is important for trade negotiators to keep those producers' interests in mind when shaping domestic and international trade regimes. National trade policies commonly disadvantage community forest producers. For example, Indonesian policymakers imposed high export taxes on both sawn timber and logs to promote domestic wood processing, harming millions of rubber farmers who sell rubberwood (ASB 2001). At the international level, the World Trade Organization (WTO) should not define investments and programs to support sustainable community forestry as prohibited "subsidies" and should make sure that the labeling of forest products as "socially responsible" is an approved trade practice (Sizer, Downes and Kaimowitz 1999). International trade and investment rules for forest products must find ways to avoid undermining sustainable local

forestry by flooding the market with non-sustainable and large-scale illegal sources.

Remove Discriminatory Fiscal Policies

Overall, there is little hard evidence on how tax regimes affect forest management in developing countries. Tax regimes change frequently. It has proven difficult to get enough data to analyze the issue, and many factors confound the results. There are usually wide discrepancies between the theoretical tax structures and what people really pay (Kaimowitz 2003). Nevertheless, it is evident that most forest subsidies and tax incentives favor well-off landowners and large forest industry.¹ To "level the playing field" for low-income local producers, discriminatory tax, fee, royalty and subsidy systems need to be reformed. Agencies can simplify and reduce scale requirements for participation in public timber auctions, concessions, public subsidies and technical programs. As new rules

¹ In Chile, for example, subsidies were paid well after planting, with evidence of successful establishment. Low-income smallholders, however, were unable to wait so long for payment (Contreras and Gregerson 2001). In Costa Rica, subsidies for forest conservation and afforestation were reserved for plots of defined minimum area, thus excluding most poor farmers and forest owners (Chomitz, Brenes and Constantino 1999).

are developed to govern emerging ecosystem service payment programs, these should explicitly encourage the participation of community forest owners and producers.

Forest and other agencies can devise alternative revenue strategies that streamline collection costs, are more equitable, and do not disrupt economic activity (Landell-Mills and Ford 1999). In forest revenue structures, it is important not to front-load permits; more money may be raised by back-end taxation, as is done in most other economic sectors, and be fairer to local and low-income producers. Stumpage fees for wood from public forests can be set to reflect real values, so as not to out-compete stumpage from privately owned forests. Subsidies for land-clearing and forest plantations should be removed, or if maintained for the latter, designed in a non-discriminatory fashion. Reform has been made easier by that fact that many governments have developed more lucrative, alternative sources of revenue, such as wholesale and retail market taxes.

Bolivia provides a dramatic example of the potential impacts of comprehensive forest policy and tenure reforms to encourage local market participation. Until the new Forest Law of 1996, all forest resources were owned by the State and their exploitation and management took place under the form of government concessions granted to

private sector industry. Some 50 companies controlled more than 22 million hectares of forest, or 40 percent of all forests in the country. Indigenous and other community rights were ignored and their participation (and benefit) from this exploitation was limited to occasional employment. The new package of forestry and tenure reforms includes much greater emphasis on Indigenous rights and participation, and a reformed fiscal and institutional governance structure that encourages sustainable forest management (Contreras-Hermosilla and Vargas-Rios 2002). Changes included exemptions from management plan requirements, reduced concession fees, simplified access to municipal forests, and municipal support to communities following decentralization.

The impact of the 1996 reforms on forest communities has been dramatic. Previously, there were no Indigenous community forest enterprises actively managing forests. Three years later, in 1999, there were nine such initiatives underway and 90 management plans in preparation. By mid-2000, the government had approved Indigenous community management plans for about a quarter of a million hectares (Contreras-Hermosilla and Vargas-Rios 2002). By 2002, 32 Indigenous community forestry enterprises were in operation, 16 of which had approved management plans and a further 11 were actively harvesting tim-

ber (Cronkelton 2002). While impacts have been relatively quick, many problems remain. The government has inadequate funding and capacity to implement and enforce the new laws. Building viable forest enterprises in an increasingly competitive market amid swells of low-cost foreign suppliers has also proven to be a challenge for many communities.

PUBLIC AND CIVIC INVESTMENT IN MARKET DEVELOPMENT

Invest in Market Infrastructure

During the long period of state-led forest production and industrialization, governments made huge investments in the production process, roads, transport, storage, marketplaces and other infrastructure required for commercial forestry development, though the size of the population benefiting was small. Unfortunately, much of that infrastructure is now in a poor condition, or unsuitable for use by small-scale producers and market intermediaries operating in competitive and highly diversified markets. Renewed public investment will be necessary to restructure commercial forestry markets, either through direct investment in infrastructure, or by promoting private initiatives to fill any 'gaps.'

Provide Extension and Business Support Services

Many lessons have been learned about strategies to promote successful community-based forest enterprise development among low-income producers (Scherr, White and Kaimowitz 2003). Developing successful enterprises often requires direct action to improve market position (through investment information), market contacts or technology, strengthen producer organizations, forge new strategic partnerships, access business support services, and provide research and education tailored to community conditions. Forming a commercially viable community-forestry sector will require developing, disseminating and adapting to new production, processing and management systems. Research, education and training programs must be tailored to community conditions in order to properly foster this new expertise and facilitate the integration of sustainable forest management, business and marketing skills. Public and civic organizations have a crucial role to play in re-orienting development programs financing enterprises, and providing extension services to help community awareness about and access to low-cost production, processing and marketing technologies.

To raise incomes significantly, producers need to analyze the value chain in their mar-

Criteria for Successful Models for Company-Community Collaboration

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Agreements between forest companies and forest communities may offer potential solutions to one or more of the conflicting objectives the global forest sector currently faces. This text box presents a summary of the results of a study on forest company-community partnerships in Brazil and Mexico that looks to identify potential partners in the forest industry that have shown an interest in linking low-income forest producers to the private forest sector and greater market opportunities. The first phase of the study in both countries consisted of exploratory research, including a literature review of agreements between forest companies and forest communities, as well as consultation with forestry and forest products associations, government departments connected to environmental issues, non-governmental associations (NGO) and other forestry specialists. The second phase consisted of telephone interviews with forest products companies in both countries.

Promising Models and Trends in Brazil

In Brazil, out-grower programs are the most common form of agreements between plantation-dependent companies and communities, and are fairly advanced and well-structured. The oldest and largest agreements can be found

in the pulp and paper sector, with some companies having had agreements with local communities for over 10 years and involving more than 4,000 producers.

The other group of agreements in Brazil involves forest products companies in the Amazon region. Even though agreements are almost non-existent in this group, there is enormous potential for development. The few cases studied all stressed how successful agreements would only come about from long-term relationships with local communities and the willingness of companies to dedicate time and resources towards the development of these agreements.

Successful Models and Trends in Mexico

Mexico, meanwhile, shows some peculiar characteristics when it comes to community forestry and company-community agreements. Results suggest that such agreements can be profitable but that promising models usually involve one or more of the following points: mutual respect and trust, a fair negotiation process, long-term commitment, practical business development principles, and the shared goal of improving livelihoods. Opportunities for action include the building of managerial capacity in forest communities, the need for better government programs promoting company-community agreements, and better enforcement of rules and regulations.

Except for a few cases, the government of Mexico has not promoted associations between communities and the private sector. Despite this, associations

between the private sector and communities constitute a very important area since communities and *ejidos* retain more than 80% of the country's forest resources, but do not control production means and market knowledge. Government policies could be developed to include programs that strengthen and promote the participation of communities in the supply chain and encourage long-term contracts and concessions.

Conclusions

Agreements between forest companies and communities offer advantages to both parties. Companies can increase their timber supply at accessible costs. Communities have the chance of increasing their forest-based income and improving their quality of life. Furthermore, these initiatives will tend to favor the sustainable management of forests. As identified by Scherr, White, Molnar and Kaimowitz in the main article, policy and regulatory constraints can pose a barrier to the development of market opportunities for local communities as well as to the development of company-community agreements. Among the constraints identified by companies in the Amazon region, development and approval of forest management plans seem to be the area that needs most attention. There is a general view among companies that the process can be extremely complex and confusing and so the process should be simplified, especially if the participation of smallholders is to increase.

kets and establish a competitive position. To access high-value specialty markets and ecosystem services, producers must be highly responsive to consumer preferences, have good marketing strategies, and constantly advance the market. This may mean improving production technology, marketing, product quality or supply reliability, as well as ensuring long-term income growth by building supply networks among producers and sharing the efficiencies of scale.

Community-Company Collaborations

Strategic business partnerships can benefit both private industry and local producers. At least 57 countries have at least one community-company forestry partnership (Mayers and Vermeulen 2002). In Brazil, a recent survey of 75 forest industry companies found that two-thirds of companies dependent on plantation-based supply already had supply agreements with community forest producers (Vidal 2003). The text box on the previous page provides further details of this study along with the results from a similar one carried out in Mexico.

Through such arrangements, often brokered through third parties, industrial firms can access wood fiber and non-wood products at a competitive cost, along with forest asset protection, local ecosystem expertise and so-

cial branding opportunities. Business partners can provide local producers with high-quality planting materials, technical assistance, quality control, investment resources for expansion and marketing and business expertise. Effective partnership requires a long-term perspective for business development, flexible contract terms, special attention to reducing business risks (such as spreading sources of supply among different producer groups), and mechanisms to reduce transaction costs. Industrial partners, accustomed to specialization, need to respect the diversified livelihood strategies of their lower-income partners.

Whether through partnership assistance or other sources, local business success depends on access to essential business services, tailored to meet the special requirements of lower-income producers for management services; organizational support; technical assistance for production, conservation and processing; market information; insurance; marketing assistance and financing. In the early stages of local forest market development, such services rarely exist in most rural communities, and must be provided by nonprofit public or civic agencies, or socially responsible private investment firms. As local capacity and scale of production expand, the private sector can find profitable opportunities.

For example, in 1997, the Proyecto para la Conservación y Manejo Sostenible de

Recursos Forestales en México (PROCY-MAF), co-financed by the Mexican government and the World Bank, began to operate in the pine-oak forests of the state of Oaxaca, southern Mexico. The project works on a demand basis, assisting 256 Indigenous and local forest communities to become more organized and build capacity. Communities that are not actively engaged in commercial forestry first develop land use plans and evaluate their land governance systems. Communities that are already engaged in forestry activities use project funds to develop new management plans, establish new community protected areas, or explore new business or marketing options. Training courses regularly provide information about silviculture, management, and marketing of wood and non-wood forest products. The project also promotes private sector consulting services for communities.

By early 2000, the area under forest management had expanded from 500,000 to 650,000 hectares and total wood production had increased from 400,000 to 660,000 cubic meters annually. These communities currently sell their timber to a local door manufacturer at a premium of 15 percent. This new volume generated at least an additional US\$10 million in annual incomes. About 1,300 new permanent jobs in forest management and processing resulted, and an additional 175

jobs had been generated in non-timber forest product activities, including mushroom production and fresh water bottling. As a result, the state of Oaxaca was taking in an additional US\$1 million a year in tax revenue, and communities' social expenditures, apart from salaries and wages, had increased by at least US\$1 million a year. Forests were also better managed. Some 13,500 hectares of permanent old-growth reserves had been established. Some 90,000 hectares have already been certified by the Forest Stewardship Council (PROCYMAF 2000; De Walt *et al.* 2000).

LOCAL PRODUCER PARTICIPATION IN GOVERNANCE AND POLICY

Exclusion from Policy Processes Disadvantages Local Forest Producers

Local producers' active involvement in forest policy negotiations will result in more practical, realistic and lower-cost laws, market regulations and development plans. In some countries, democratization has enabled greater participation. It has forced greater transparency in forestry markets. Forest rights and regulatory reforms have been achieved through political alliances involving local producer networks, private industry, government agencies and/or environmental groups that stand to benefit from forest market development.

Devolve and Decentralize Forest Governance

Devolution and democratization create openings for the more active participation of local forest producers in policy processes, and force greater transparency in forestry markets. At least 60 countries have decentralized aspects of forest and natural resource management, and this trend is opening up new opportunities for local participation in forest policy, where local governments are truly democratic and have real power over major decisions (Ribot 1999). The involvement of local producers in policy negotiations and governance that shape the development of forest markets is desirable not only because of democratic principles, but also because it results in more practical, realistic and lower-cost laws, regulations and development plans.

Legitimize and Strengthen Local Roles in Forest Policy

The decentralization of forest control and management from national agencies to local governments is creating conditions that are more conducive to local input (Kaimowitz *et al.* 2000). International norms have been developed that protect Indigenous peoples' rights to manage their own resources, including Ar-

ticles in the International Labor Organization, the Convention on Biological Diversity (CBD), and the RAMSAR Convention (Tressierra 1999). The Aarhus Convention of 1998 on Access to Information, Public Participation in Decision-Making and Access to Justice on Environmental Matters "calls for transparency in public decision-making for tropical forests as well as other resources, and for the active involvement of local communities" (Petkova and Veit 2000). Where there is greater political openness, people can speak out more freely about abuses, corruption, environmental damage, negative social impacts and other elements of irresponsible forestry.

Experience suggests a host of measures that can be taken to enhance transparency and accountability in forest decision-making. Laws should make explicit reference to basic criteria for decision-making, provide for public review and comment on legislation, and create oversight bodies including members drawn from non-forestry sectors and civil society. Legislation should also create a public right to information and opportunities for citizens to bring suit against the government for violation of forest laws (Christy, Mekouar and Lindsay 2000). Greater transparency has been encouraged by the development of independent forest monitoring capacity, through remote sensing and grassroots networks, particularly in

countries where NGO activity is legal.² Such monitoring is making it easier to determine the compliance of forest managers to social, legal and environmental standards.

Promote New Political Alliances

An important outcome of democratization has been the freedom of rural and Indigenous communities to organize for mutual support and political advocacy. Recognizing that economically and politically powerful market competitors have been setting the “rules of the game”, local people have begun to organize and lobby for policy action. Forest rights and regulatory reforms have been achieved through political alliances among local producer networks and with other actors—national and international—who stand to benefit from forest market development.

The early 1990s saw the emergence of networks that were genuinely rooted in community organizations. The materialization of national forest users’ associations, such as Jan Sagarsh Morcha, a coalition of tribal organizations in India, the Assembly of the Poor in Thailand, the Federation of Community For-

² Examples include the Global Witness program in Cameroon (Robert Nasi, pers. comm. 2001); Global Forest Watch coordinated by the World Resources Institute and many NGO’s (Ottke *et al.* 2000).

estry Users in Nepal (FECOFUN; www.trees.slu.se/news/31/31fecofu.htm), which emerged in 1995, the National Tree Growers’ Cooperative Federation in India (www.ntgcf.org/projects.html), and AMAN in Indonesia in 1999, are part of this trend (Colchester 2003). In Costa Rica, JUNAFORCA—the National Smallholder Forestry Assembly—brings together 56 forestry organizations with 27,000 producers participating in policy negotiations. They have secured support for the establishment of regional organizations, modification to the Forest Law gaining group access to reforestation incentives, and have become actively engaged in key policy dialogues (Watson *et al.* 1998). Of course, the politicization of commercial associations must be handled carefully. The rattan furniture industry association in the Philippines, the teak furniture associations in Java, and the furniture, handicrafts and plywood association of Indonesia, all became corrupt tools for extortion, providing little real support for small-scale members (Brian Belcher 2001, pers. comm.).

Sub-regional and national groups from different countries have begun to join together to take action in the international arena, often with support from international NGOs. In 1991, the Indigenous and Campesino Coordinating Association for Central American Community Agroforestry (ACICAFOC) was established by a coalition of Indigenous and

peasant associations to press for reforms in favor of communities (see: www.acicafoc.org). The following year, the International Alliance of Indigenous and Tribal Peoples of the Tropical Forests was established, led by the effective regional Indigenous peoples’ coalitions which had emerged in Amazonia and the Philippines in the mid-1980s (Colchester 2003).

The International Network of Forests and Communities (INFC), founded in 1998, now includes over 400 members in 54 countries who are promoting sustainable community forestry, especially in sensitive ecosystems and the world’s remaining natural and old growth forests. INFC supports campaigns to advance a consensus statement endorsed by its members, the Saanich Statement on Forests and Communities (INFC 1998), that calls on governments to advance community-based forestry. Indigenous organizations have banded together to influence the terms of international carbon trading (Forum of Indigenous Peoples 2000; Amazonian Indigenous Forum 2001).

While most of these organizations have concentrated their efforts thus far on acquiring and protecting land and forest rights, they are starting to be more active in lobbying and advocating for major reforms in forest markets that would benefit local producers.

Protect the Poorest

For many rural communities and farmers with low-quality forest resources or poorly developed market infrastructure, commercial markets will *not* play an increased role in livelihoods. For these people, forestry development should focus primarily on retaining forests' "safety net" function, particularly ensuring access to subsistence products and local environmental services. Mechanisms must be developed to protect the interests of the poorest forest users and producers without sacrificing others' potential income gains from commercialization in community and public forests.

CONCLUSIONS

Through this "New Agenda" of commercial forestry for low-income producers, forestry could make a much greater contribution to meeting forest conservation and poverty reduction goals in rural areas. The forest development and conservation approaches dominant today do not reflect the aspirations of local people, and markets and policies have been established to serve outsiders, rather than local, interests. Moreover, local, national and international institutions have artificially segmented forestry into different silos of biodiversity protection, watershed

management, and production forestry – each focused on controlling land use rather than inspiring development, and none with the political weight or competence to control forest markets. Although important gains have been made in establishing protected areas, conditions of the forest poor and the condition of forests beyond the state and national parks have deteriorated. These approaches have not delivered the intended results.

New transitions in the forest sector, including shifts in rights to Indigenous and other communities, new sources of capital and new markets for environmental services, present new opportunities to achieve development and conservation goals. These shifts also mean that the forest conservation, Indigenous peoples and social development, and economic development agendas are converging, allowing new scope for integrated approaches to forest conservation and poverty alleviation. Options like reforming forest policies to benefit low-income producers, strengthening tenure, and ensuring community access to international forest carbon trading opportunities yield benefits in social, environmental and economic terms. Similarly, shifting the predominant conservation strategy from an almost exclusive focus on protected areas to the broader forestry matrix is not only the right thing to do to advance biodiversity conservation and

mitigate impacts of climate change, but also the right thing to do for low-income forest producers.

Private sector market players, forest community organizations and entrepreneurs, and civil society through oversight, advocacy and support form the foundation of the "New Agenda." However policy reforms—to secure forest tenure and access, reduce the regulatory burden, level the playing field for local producers, invest in essential public goods infrastructure, and involve low-income producers in policy negotiations—are essential to realize large-scale gains in forest conservation and poverty reduction.

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Who Says It's Organic? Certification and Smallholder Participation in the Global Market

Alma Amalia González
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INTRODUCTION

WORLD ORGANIC PRODUCTION is soaring, driven by increasing demand by consumers concerned with their health and “post-materialist” values, such as environmental sustainability and the preservation of rural culture and society (Conner 2004). The growth and premium prices in the organic sector have attracted many growers and merchants, not all of whom share the original values and motivation that gave birth to the organic movement. As organic agriculture has expanded and changed, the demands on certified organic production and processing systems have increased and the nature of the inspection and certification process have also changed (Seppanen and Helenius 2004). In this article, we take a critical look at how organic certification has evolved in Mexico and discuss the efficacy of certification systems in meeting their stated and implicit goals in an equitable manner.

The authors of this article are involved as ‘scholar-activists’ in an on-going, long-term research project in southern Mexico on organics as an alternative for smallholder, traditional farmers, including participation with farmer organizations to provide technical assistance on organic production, certification and marketing. This article is a comment on recent trends that we have observed during

the carrying out of this research (Gonzalez, Linck and Moguel 2000; Nigh 1997; 2002).

WHO SAYS IT'S ORGANIC? WHERE DOES CERTIFICATION COME FROM?

Certification systems were initially motivated by farmers and, to some extent, by merchants involved in the incipient market for organic products. In an effort to protect their market from fraud and to be able to guarantee the authenticity of the organic label, farmers began to structure systems of self-regulation to assure that “organic” foods in the market corresponded to the ecological and soil building production techniques that give the term its meaning. Two of the earliest systems—one from the US and the other from Germany—now account for the majority of certified acreage in Mexico (Gomez Tovar and Gomez Cruz 2002).

Naturland, Germany's principle organic certifier, was set up in 1982 to help merchants of organic products interested in guaranteeing the authenticity of organic labels to their clients. Despite its commercial motivation, Naturland became a respected authority and facilitated and mediated a dialogue between growers and consumers. Over time, responding to the changing context of organic certification (discussed further below), Naturland became a non-profit ‘third party’ certifier, in-

dependent of commercial interests. In 1989 it began to work internationally and now over 34,000 of its 36,000 certified farmers are from countries other than Germany, mostly in the so-called Third World.

The Organic Crop Improvement Association (OCIA), founded in 1985, is a farmer-controlled certification system. OCIA's novel approach saw the inspection and certification process as an opportunity for improving organization and communication among organic farmers, for the purpose of exchanging experiences and helping them to meet their common interests. OCIA combined inspections with technical assistance and 'crop improvement' activities. These activities were seen as compensating some of the increasing costs farmers were required to pay for the certification process. Certification was seen as a learning opportunity for farmers in which changes to bring farming practices in line with OCIA standards, were part of an ongoing, negotiated process. Around 50% of OCIA's certification requests come from Latin America, mostly for coffee (Rice and McLean 1999).

OCIA is, in many ways, an exemplary experience. Initiated by farmers in New York to guarantee the quality of their products to customers, OCIA is now the largest US certification body. OCIA has been committed to the notion that farmers are the people who

know best about their own farming systems and should be the ones who set, within an overall philosophy of organic agriculture, the specific standards on their own farms. OCIA adopted standards that could be modified as conditions changed, new crop and processing methods were added and new farming techniques were developed. As mentioned, "Crop Improvement", as OCIA's name implies, was seen as part and parcel of the inspection and certification process.

The demands on the original certification systems such as OCIA soon surpassed the wildest dreams of their original founders. The market for organic products and the number of farmers participating in that market increased exponentially during the 1970s and 1980s. The diversity of crops and the complexity of production methods and processing also increased. New products oriented specifically to support organic farming methods, from herbal extracts for pest control, bacterial inoculates for compost and many other products, began to appear on the market and required scientific evaluation to assure conformance to organic standards. Certification systems began to be developed in those parts of Europe and North America with relatively similar, temperate ecological conditions and associated crop varieties. However, the rapid growth of organics and the demand of US and European consumers

for organic products that originated in other countries, products such as coffee, chocolate, vanilla, honey, bananas, "winter" vegetables and others, soon had the certification organizations deeply involved overseas. Many countries that produced such goods had no local certification in place and so depended on certification systems from European and North American countries in order to give them access to these new markets. By the late 1980s, for example, OCIA and Naturland had more international members than organic farmer members from their own countries of origin. New crops and agroecologies had entered the certification process, particularly in the tropics—coffee, cacao and vanilla, among others. For OCIA, the democratic process of the modification of standards became a highly complex, intercultural process.

CERTIFICATION BY GOVERNMENT

As the volume and complexity of the certification process increased, organizations such as OCIA and the California Certified Organic Farmers (CCOF), which began as largely volunteer organizations, found it difficult to provide the services they had in the past. It became necessary to professionalize the various functions of these organizations and increase their administrative capability. As the organic market in the US surpassed the US\$2

billion a year mark in the 1990s, competing certification organizations appeared and disagreements about standards and certification procedures began to emerge. Increasing international trade also led to differences between the organizations of different countries, who sometimes disagreed on standards and did not want to recognize the stamp of approval of a foreign certifier. Many people felt that it was necessary to have a legal framework within which to operate, both within countries and internationally. Thus, we saw the beginning of efforts by the European Union (EU) and the USA to draft appropriate legislation. Other countries supplying the organic market in Europe and North America soon had to follow suit or lose their access to the major markets for organic products. In the USA, the first programs were at the state level and were seen as a way to support farmers in those states seeking export markets.

The Federal National Organic Standards Act was passed in the US in 1990, following on from similar legislation adopted by the EU. The new legislation affected farmers in countries that exported organic products to the US and Europe and required that these countries also pass legislation and establish 'equivalent' certification programs at a national level. Thus, the first organic standards were passed in Mexico in the 1990s, though legislation is currently being revised.

The sudden involvement of government in organics drastically changed the context and procedures of the certification process, but in particular it affected the previous practices of inspectors and farmers. Certification and inspection became a more bureaucratic process. Inspectors were prohibited from giving advice to farmers, as this was construed a "conflict of interest", and they increasingly became mere functionaries sent to verify a set of official rules (Seppanen and Helenius 2004). The design of certification standards lost its character (dialogue among growers) as the process was taken out of local farmers hands. In summary, certifying bodies no longer represented farmer interests and organic standards were no longer being established primarily by the farmers themselves (DeLind 2000).

In the US, corporate concentration in the organic sector has advanced, as it has in all sectors of the North American food and agriculture system (Hendrickson *et al.* 2001). As the US organic market has soared to over US\$13 billion dollars a year in sales, food corporations have been buying out the independent farmers and processors that pioneered organic food production. As government, rather than farmer-controlled organizations, becomes the venue for the discussion of standards, these corporations have been bringing their lobbying power to bear on the regulations of the new law.

THE ORGANIC MOVEMENT IN MEXICO

Organic agriculture in Mexico has been, primarily, a phenomenon involving Indigenous smallholders. Coffee has been the flagship crop and Indigenous smallholder cooperatives, primarily in the states of Oaxaca, Chiapas and Guerrero, have successfully conquered European and US markets for high quality, organic coffee. Without any government support, their entry into the organic market was a response to the withdrawal of state support for smallholder coffee growers. Left to their own devices after the dismantling of Mexico's Coffee Institute (IMECAFE) in the early 1990s, some small coffee farmers turned to organic methods, first to restore soils and reverse declining fertility and coffee quality and then as a marketing strategy to help forge a more direct relationship with consumers and access the premium prices to be had in specialty coffee markets. Successful implementation of an organic strategy was not an easy process, however, primarily due to the lack of experience of the Indigenous organizations with direct exports. Non-government organizations played a key role in both the technological transition and in brokering the new cooperatives with potential clients in the international market (Gonzalez *et al.* 2000; Raynolds 2000; Renard 1999).

Another factor contributing to the success of Indigenous smallholders in the organic coffee market was that coffee had been grown using traditional Mesoamerican agroforestry methods. Because they worked the poorest and most marginal mountain land, Indigenous farmers were less pressured by the IMECAFE programs to 'technify' and modernize coffee production during the 1970s and 1980s. They retained their more traditional, diverse agroforestry systems and used far fewer agrichemicals than most coffee growers, particularly the large *fincas* - the commercial plantations responsible for most of the coffee grown in Mexico. Thus, Indigenous, small-scale farmers were ideally placed for a rapid transition to organic growing methods (Moguel and Toledo 1990).

A third factor that facilitated Indigenous people's transition to organic is the level of social capital present in small farming communities. An experience of community and supra-community level cooperation provided the principles, at least, of the cooperative marketing structures that evolved and successfully entered the international market. In the face of the complete indifference, and even occasional hostility, of the official development and financial institutions, these organizational structures are what empowered Indigenous people to advance their interests and contact consumers interested in their

product. This social capital also served to link the organic movement with questions of Indian identity and the pursuit of a wider agenda focussing on Indigenous and poor farmer interests, thus giving a political and cultural dimension to the shift to organic agriculture (Hernández Castillo and Nigh 1998; Nigh 2002). Organic farming came to be seen as a way of life, with an important ethical dimension, involving the health of local economies, societies and ecologies and not merely a commercial "export" strategy to improve coffee prices for the grower (Nigh 1997; 2002).

Although the growth of Mexican organic production is often celebrated, there has been relatively little critical concern for the structural and long-term impact of the evolution of the organic market, particularly at regional and local levels. Organic production has increased and diversified in Mexico during recent years. The area under organic management has grown from 23,000 hectares in 1996 to 216,000 in 2002, giving Mexico a country ranking of eighteenth in terms of total certified area. More than 53,000 farmers generated some US\$280 million dollars in foreign exchange that same year. Over 85% of Mexican organic production is destined for export, and organic agriculture is no longer ignored by government development experts and technical personal, but, on the contrary, its success is now frequently cited by govern-

ment as a model export strategy (Gomez Tovar and Gomez Cruz 2004; Gomez Tovar, Gomez Cruz and Schwentesius Rindermann 2003).

Important changes in the composition and motives of the participants in organic production and marketing have accompanied the growth and official acceptance of organics. One the one hand, large estates have begun to participate significantly in organic production. From a small number before 1996, large farms (those with more than 30 hectares) now account for over 16% of the area and nearly one-third of the foreign exchange generated by certified organic products. Indigenous people, nearly all smallholders, formerly made up the bulk of organic producers in Mexico and still represent about half of all organic farmers in the country today (Gomez Tovar and Gomez Cruz 2004).

ORGANIC CERTIFICATION IN MEXICO

Organic certification in Mexico has been carried out by private foreign agencies or, increasingly, by local Mexican organizations in partnership with foreign agencies. These partnerships, which currently account for about 55% of the certified area, have been crucial in reducing certification costs (especially inspection costs) and in mediating local farmer interests. We should recall that

organic standards applied by these foreign organizations were developed based on the experience of farmers in their countries of origin. Yet the most popular export crops for Latin American countries are those characteristic of tropical latitudes. The translocation of ecological principles appropriate to temperate zones to tropical environments requires a process of adaptation and interpretation. Failure to make these adjustments places a considerable burden on tropical farmers, who, in order to meet certification standards, sometimes find themselves expending considerable labor on agronomic practices that are not relevant to the local context.

Part of the problem stems from that fact that norms and standards are necessarily a “technological abstraction outside of time and place...(developed) in a social and ecological vacuum” (Rocheleau 1999). A classic example of the inappropriateness of temperate zone standards in organics is the insistence on the use of compost as a definitive, almost sacred, aspect of traditional organic farming. In the temperate zone regions of Europe and the US, soils accumulate significant amounts of more or less stable organic matter known as ‘humus’. The principal reason for this build up is that during northern winters, soil activity—and therefore decomposition of organic matter—comes to a standstill. It therefore pays the temperate zone farmer, to a degree,

to put effort into storing nutrients and organic matter in the soil in the form of organic compost. The fabrication and spreading of compost is one of the major costs of production for organic farmers in these regions. However, in the tropics, even in the relatively cooler mountains where organic coffee is grown, soil activity never ceases. Even during the dry season, the areas under leaf litter or shade do not dry out entirely and microbial decomposition proceeds. Thus, very little humus is formed, recycling is rapid and most of the organic matter and nutrients in tropical soils are found in the above-ground living biomass or leaf litter.

Under these circumstances, composting is of limited value for soil conditioning, serving only to provide a short term supply of nutrients and energy to the soil system. Bunch (2000) has pointed out that conventional soil science, which assumes that nutrient quantity is what limits the productivity of soils, fails to understand how tropical ecosystems produce such large biomass in soils that are ‘nutrient poor’ when compared in a quantitative way to temperate soils. Citing pioneering work by Primavesi (1990), Bunch notes that in the tropics it becomes clear that it is not nutrient quantity but timely nutrient access that determines plant productivity. Rapid nutrient cycling and root systems that develop along the surface, sometimes feeding

directly in the leaf litter rather than the soil, create a kind of ‘just in time’ nutrient delivery that gets around the lack of a humus ‘inventory’. Thus to impose the temperate zone practice of making and applying compost on fields in the tropics is to burden farmers with an unproductive chore that brings little agronomic benefit.

Many other situations arise in the application of rules and norms with little relevance to the local context of tropical zone farmers and are actual violations of the holistic and ecologically sensitive philosophy so fundamental to organic agriculture. The imposition of organic standards from temperate zones on farmers in the tropics has effects similar to the imposition by development agencies of green revolution methods or transgenic crops. The decisions about techniques and appropriate practices are taken out of the hands of those who know best, the farmers themselves. Just as farmers must abandon their own traditional knowledge and genetic resources and adopt the use of hybrid seeds and chemicals in the green revolution model, so organic standards may require them to abandon their own practices in order to achieve ‘certification’ and thus participate in the only market that offers a fair price. This results in what Stone refers to as ‘agricultural deskilling’ in which farmers devalue and forfeit their own knowledge and practice and

simply follow the instructions of 'the experts' (Stone 2004).

Fortunately, as certification agencies become increasingly based on in-country inspectors, the question of more appropriate standards is beginning to be addressed. We are, however, some way from a process in which standards are built from the ground up, based on local farmer experience.

ORGANIC BY CONTRACT

Other schemes, more typical of conventional agriculture, are infiltrating Mexican organics and mock the original philosophy and purpose of the organic movement. One such scheme is contract agriculture in which farmers become little more than industrial workers on their own fields, producing for the contracting company the products it wants, and by the methods it dictates. Such arrangements, rarely beneficial to the farmers themselves, result in severe deskilling as all decisions are taken from farmers hands and stipulated in the contracts. (Lewontin 1982; Welsh 1996). Furthermore, contract agriculture offers no possibility for the growth of local agency and organization, so crucial to rural food and economic security (Nigh 1999).

Investment by the company *Agromod* in the Marquez de Comillas region of Chiapas

is a recent example of contract organic agriculture in Mexico. Part of the Mexican multinational consortium *Grupo Pulsar*, Agromod began, in 2000, to invest in tropical crops such as cacao, vanilla and Chamaedora palm, with the Chiapas State Secretary of Rural Development as a silent partner. One employee of the project estimated that the company had invested more than US\$1 million dollars in the project and stated that the objective was to "create a source of jobs for the inhabitants of the rainforest in activities that would be compatible with their ecosystem and reduce aggressions against biodiversity" (Personal communication, Ignace Guéguen, November 2002). The proposal is not without interest, particularly given the lack of options for the region's farming families, and yet it is clear that these large-scale, private sector projects operate under a philosophy vastly different from that of the earlier Indigenous organic coffee coops (Hernández Castillo and Nigh, 1998).

The incursion of the private sector into organic agriculture implies a transition of production philosophy from holistic and ecological to one of economic 'rationality' based on a Green Revolution model. The primary interest of these companies in organic production is the chance to access a rapidly expanding market and receive higher prices for their products. It is disconcerting to find that

an agricultural social movement that began with clearly defined environmental principles has changed to the point of permitting growers (of whatever size) to be certified organic while operating with a contradictory economic rationale. How are we to explain the fact that *Grupo Pulsar*, a leader in technologies such as *in vitro* clonal propagation that mass produces biological uniformity, simultaneously supports cultivation based on organic principles? Reproducing a single clone in a field with thousands of genetically identical plants violates organic principles of agrobiodiversity that are key aspects of alternative methods of pest and disease control.

The current reality is that once certification systems are in place, the procedures result in the accreditation of products but not of the productive philosophy of the producer. Thus, we find organic certification granted to smallholders committed to ecological production methods and fair trade, while the same certification is given to corporate growers who operate on a double standard according to location and opportunity. This situation, where organic 'standards' are met but where basic principles of organic agriculture are forgotten, is also seen with organic coffee and, in particular, in the proliferation of derived "green labels" such as 'bird friendly' or 'shade-grown'.

STRICTLY FOR THE BIRDS

Since the mid-1990s, global overproduction of coffee (often stimulated by financial resources from the international development agencies) has provoked a crisis in the world coffee market that has been socially devastating for many tropical countries. One of the development efforts promoting overproduction was the investment of some US\$80 million by the US Agency for International Development (US-AID), beginning in the mid-1970s, to convert shade plantations to sun-grown and technified (partially-shaded monoculture) plantations in Central America. The purpose of this change was to induce much higher yields (involving the use of chemical fertilizers and herbicides) but with no regard to coffee quality or the environment. As a result, over one million hectares of coffee forests, along with their incumbent plant and animal life were destroyed (Rice and McLean 1999).

In the face of this, environmentalists and bird watchers in northern countries became concerned that low prices would cause a further shift in land use away from coffee and thus the loss of remaining tree cover crucial for both local and migratory bird populations. This concern, as well as a number of studies documenting the ecological damage caused by sun-coffee transition and the ad-

vantages of shade-grown coffee, gave birth to the idea of certification of shade coffee as a strategy for providing better prices to coffee growers who conserved their shade trees. The first marketing program was the Rainforest Alliance's shade criteria for Eco-OK "conservation coffee" in 1995.

The Smithsonian Migratory Bird Center (SMBC) organized the first Sustainable Coffee Congress in 1996, which helped mark the launch of their 'bird friendly' coffee label. Soon afterwards, SMBC organizers consulted many people involved in organic coffee in Mexico and Central America, who almost universally suggested that SMBC work with organic programs to develop more specific criteria for conserving adequate bird habitat, rather than introducing a new label. Most certified organic coffee is shade grown coffee, though there are exceptions in some countries. Mexico's primary certifier, Certimex, has written standards that specifically require diversified shade cover for organic certification of coffee plantations.

One of the principal regions of Mexico where 'bird friendly' and 'conservation coffee' labels have been put to work is in the Pacific coastal mountains of Chiapas near the El Triunfo Biosphere Reserve. Conservation International (CI) has developed an active program with cooperative and estate coffee growers since the late 1990s to pro-

mote a shade coffee, pro-conservation label. CI later entered into a marketing agreement with Starbucks, the number one specialty coffee retailer in the US. CI/Starbucks's presence in the market in the El Triunfo region is viewed as a mixed blessing by smallholder coops and their technical advisors. On the one hand, any premium market opportunity was more than welcome in a period of historically low coffee prices. On the other hand, as the program developed, coffee coops felt that the marketing of their coffee was increasingly being taken out of their hands and that participation in the conservation coffee program involved a loss of autonomy for grower organizations. After a long struggle to free themselves from dependence on middlemen in the coffee market and the sacrifices made to open up direct access to the organic coffee market, the organizations are reluctant to give up their dearly won independence to new "green coyotes" in the form of CI and Starbucks. As a result, some organizations have decided to steer clear of such entanglements.

There is an important difference between organic certification and shade coffee programs as certified by the SMBC or The Rainforest Alliance's Eco-OK program. The early organic certification programs were explicitly concerned with promoting the transition of farmers to organic techniques and the continual improvement of those techniques over

the years. Organic farmers were required to have a development plan for their farms and organic inspectors made specific recommendations as to the improvement and implementation of the goals of that plan. Yearly inspections involved monitoring progress made on implementing recommendations, whilst certification often depended on adequate progress in doing so. As we comment elsewhere in this article, the advent of government organic standards has changed this situation.

With shade or 'bird-friendly' coffee, however, there is no pretense or interest in providing technical assistance to growers. In fact, shade coffee certifiers are not really interested in coffee at all, nor are they particularly concerned with the socio-economic or ecological realities faced by coffee farmers. Their concerns are with birds and butterflies and their habitat. In a recent study of the effect of shade coffee certification programs as applied to estate-grown coffee in Chiapas (Mas and Dietsch 2004), the authors conclude that such programs "succeed" in that they are able to distinguish those plantations with the best habitat for wildlife. No other factors are taken into account. Shade or conservation coffee certification is essentially a process of identification of those plantations that meet certain criteria of habitat that are set by conservation biologists with virtually no participation by

local growers. Some shade-grown standards require, for example, that pruning be done in the rainy season, presumably to favor birds, with no regard for the realities of agroforestry practice or the practicalities of organizing a major task in muddy fields that receive over five meters of rainfall per year.

Another problem that has appeared with shade-coffee is the greater occurrence of potential fraud in the market:

Unfortunately, most shade coffee sales are coming from uncertified shade coffee introduced by roasters moving quickly to capture the market opportunity and promote the shade coffee concept (e.g., Trader Joe's, Millstone). Many of these roasters claim to have visited the farms themselves and thereby justify "self-certifying" their shade coffees. In some cases, roasters say they moved ahead with uncertified brands out of frustration with the high cost and slow pace of the non-profit agencies that control shade certification. In any event, the rapid proliferation of uncertified shade coffee brands is fueling concerns across the industry regarding free-riding and even fraud. This had led to greater interest in third party certification by some roasters (Rice and McLean 1999).

Merchants (and the growers they buy from) are not only avoiding shade-coffee certification by these methods. They are also

getting a free ride on an "eco-label" without having to meet organic standards or help with the transaction costs involved. This is exactly the kind of undermining of the organic label that people from the organic sector predicted during early discussions on the desirability of a shade-coffee label.

Shade coffee standards are impositions by outside interests on growers who, although they can take them or leave them, have little input into their definition and little control over the marketing mechanism they represent. Furthermore, the criteria for shade grown coffee are problematic to apply. There is little agreement among different organizations on a set of coherent standards for shade coffee. The SMBC criteria are the most demanding, requiring data on biodiversity from all strata of the plantation. Of course, these are the standards considered most important by biologists (Mas and Dietsch 2004).

Despite claims to the contrary (Rice and McLean 1999), the profusion of shade and bird friendly labels, particularly those with no certification, added to the organic and fair trade labels, confuse the consumer, creating a large and bewildering supply of choices for those reflexive buyers who wish to support the well-being and healthy environment of coffee growers with their purchases. This cacophony of labels may be a factor in the curious stagnation of the organic coffee market.

As a perusal of any US supermarket will reveal, while organic product sales generally have been growing at 20 to 25% annually for over a decade, organic coffee has only slowly gained visibility on stores' shelves. Even in organic markets such as Whole Foods, certified organic coffees still make up only a small percentage of the choices available, even though there is an increasing supply of gourmet organic coffees available. The proliferation of labels and their market mechanisms has also accentuated the competition among growers and reduced potential premiums for organic and fair trade coffee. Smallholders in the El Triunfo region complain that the move by the large estates into the relatively simpler shade certification programs has displaced smallholders, who meet much stricter organic standards, from specialty coffee markets.

THE NEW TECHNICIANS: 'LOS DESPACHOS'

One of the key characteristics of the Mexican organic farmer cooperatives has been the novel approach to the certification of small farmers organized through the establishment of internal control systems (Gomez Tovar and Gomez Cruz 2004). The challenge of documenting and monitoring the implementation of the organic technical itinerary of coop members has contributed to fortifying and

consolidating Indigenous associative corporations (Nigh 1997).

Changes in the procedures under the new government programs, however, are also relegating this aspect of farmer autonomy and organization. Transition to organic farming appears to have lost its character as a supportive, learning process for farmers and consumers and has, instead, become a cut-throat business. The increasingly complex application procedures for organic certification and the lack of government support (until quite recently) for organic agriculture has left the coops at the mercy of opportunists, creating an atmosphere of risk and uncertainty for small farmers.

Smallholder organic agriculture is the result of a struggle for appropriation of the productive process, social learning and building social capital of collective enterprises, sometimes called 'associative corporations' (Bartra 1991; Nigh 1997). Currently, credit is being made available to these cooperative businesses through the Mexican development bank (Fideicomiso de Intereses Relacionados con la Agricultura — FIRA) that has encouraged a model based on the formation of the *Despacho de Consultoría Técnica* (literally "technical consulting office" or a small group of professionals providing technical services). The *Despachos* are more than mere agricultural extension services, however, but are charged

with negotiating the loans with FIRA for the farmer organizations. The *Despachos* are officially accredited by FIRA as advisers to farmer groups who wish to apply for these loans. Beginning in 2004, FIRA established a formal registration process for the *Despachos* for the purpose of guaranteeing the quality of the services provided.

In the early years of organic agriculture, FIRA refused to fund the Indigenous associative corporations that pioneered organic coffee, expressing a complete lack of confidence in this segment of the market. However, the strong position achieved by these cooperatives in the international market with Chiapas organic coffee, provoked a change in financial policies and credit lines were opened up. Now there is an interest on the part of FIRA and federal and state-level ministries to encourage the formation of new cooperatives for the export organic coffee market. The advantage of loans provided by FIRA is the subsidized interest rate which is lower than the commercial bank rate.

The *Despachos* receive financial resources through credit or direct subsidies for the acquisition of equipment and materials to support their functions. Once a *Despacho* is constituted, it approaches farmer organizations interested in accessing FIRA credit lines, as FIRA's rules require loan recipients to hire professional technical assistance. The-

oretically, the Despachos are in free competition for contracts and each farmer group is free to elect the Despacho it finds most convenient. However, in practice, Despachos tend to have 'territories' or areas of influence and any supposed choice is illusory. Once a loan has been approved to a legally constituted farmer enterprise, FIRA will deposit the funds corresponding to the Despacho's fees in the account of the coop. Thus, the farmer organization that receives the loan is formally responsible for paying the Despacho's services. In the conditions of the loan, FIRA sets the fees for technical services and the first four years of payment is considered to be a subsidy and need not be repaid by the coop. After four years, the cooperative is supposed to have developed the technical and economic capacity to assume the cost of the technical services it requires. However, we have observed that, particularly with newer organizations, the complexities of the organic certification process create a work load that few smallholder organizations are able to assume on their own (Aguilar Pinto 2005).

Furthermore, the dependent relationship established during the 4 year period of initial credit is not conducive to a social learning process on the part of the farmer associative corporation. FIRA finances only the organic certification process, leaving to the farmers the job of financing the bulk of

the harvest and export-related transaction costs. Consequently, the search for government subsidies to supplement group finances becomes a desperate survival strategy for the organization.

Despite this disheartening picture, we should emphasize that a number of Despachos do display a serious commitment to the organic coffee farmers with whom they work. Two such Despachos, whose work we have observed, deserve a special mention: *Proyectos y Asistencia Técnica en Producción Orgánica*, S.C. (PATPO), based in the northern Zoque region and *Desarrollo Integral con Tecnología Alternativa México*, S.C. (TITAM), working in the buffer zone of the El Triunfo Biosphere Reserve.

Finally, we should mention the obviously crucial effect of this new role of the Despachos on the internal certification system of the organic cooperatives. Each organization establishes a formal committee or other institutional structure, led by distinguished farmer members and the officers of the cooperative. However, under the new scheme promoted by FIRA, it is the Despachos' technicians who are responsible for carrying out external inspections. Previously, confidence in the internal system was based largely on the disinterested (i.e. unpaid) participation of the committee members. But with the new demands of certification such dependence on

volunteers has become impractical. The committee rarely meets to ratify the advice of the Despacho technicians who are the persons actually familiar with the constantly changing and ever more demanding organic standards of the external certification agencies.

Actual internal inspection is carried out by community promoters, with care to avoid potential situations of a conflict of interest—for example, a promoter will not inspect his own community. During the inspection, a written document is produced for each farmer, detailing his methods and progress on crop improvement goals. These written *fichas* are the basis for the monitoring activity of the external inspectors. In the case of large cooperatives, the inspection by the third-party certification organization really becomes a kind of accreditation of the internal system of control of the organization. So the activity of the community promoters is crucial, both to the activity of the Despacho and the organization itself.

The community promoters are also responsible for organizing the training and extension events. The time and specialized knowledge required of these community promoters makes impossible the idea that such work could be done on a volunteer basis, as the activity implies little time left over for the farmer to attend his own plantation, thereby requiring him to hire workers. To resolve this

issue, some organizations pay the promoters a salary or compensation, usually with funds solicited for other purposes. The Despachos are often involved in securing these complementary financial resources.

The technicians of the Despacho maintain detailed written files of the entire process of application and inspections for organic certification. In the early years of organic coffee in Mexico, the process of obtaining certification was a valuable social learning opportunity, resulting in further empowerment and organizational ability of the coops (Nigh 2002). The Despachos undoubtedly supply a valuable professional service to the farmer organizations. However, we would question the degree to which these technical advisers are promoting any process of social learning, empowerment or the organizational independence of the farmers. Seen from this perspective, international certification has become increasingly about the ability to maintain written records and ever less a means of finding local solutions for specific social and agroecological problems.

CONCLUSION

The heady growth of the organic products market has created situations of ambiguity with respect to the ethical and social principles characteristic of the earlier organics

movement. A positive factor that should be mentioned in the Mexican case is the formation of corps of Mexican inspectors. Young technicians, who, in many cases, came from the pioneer organic coffee cooperatives of the 1970s, now receive regular training by OCIA, Naturland, etc. and are very much a result of the struggle by cooperatives to reduce heavy certification costs. This group of young professionals (many of whom are the sons and daughters of organic farmers) have been influential (along with certain international organizations) in reforming standards so as to reflect more accurately the local agronomic and social realities of farmers. Unfortunately, the changes in certification procedures discussed in this article have weakened the role of inspectors, both as intermediaries with the certification bodies and as agents of training and technical assistance for local farmers, relegating them to a more formal, bureaucratic role.

It is important that all those involved in the organic sector give serious consideration to the resolution of these problems and look to develop adequate organic (and fair trade) standards and practices. We must develop procedures for greater farmer participation in all aspects of the certification and marketing process and continue to work towards closer relationships between consumers and producers.

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Mapping Access to Benefits in Cameroon using Commodity Chain Analysis: A Case Study of the Azobé Timber Chain

Wynet Smith

INTRODUCTION

IN SOUTHWEST CAMEROON, a farmer bemoans the damage to his farm resulting from the activities of a company logging in his village's community forest. The company cut through peoples' farms in their attempt to open a road into the steep forests of the Bakossi Mountains. Meanwhile, the chiefs of nearby villages, who contest the community forest and claim such activities are illegal, discuss how to disrupt the logging operations and ensure that their forest is not destroyed. The trees being logged—including a highly valued, very resistant hardwood named *Lophira alata* or azobé—are being loaded on trucks and taken to Douala. This wood, as well as azobé coming from other logging sites, is mostly bound for Europe, where it ends up being used in projects such as a boardwalk in Nieuwport, Belgium. At the European end of the commodity chain, the use of tropical wood from sites such as the one in Southwest Cameroon generates considerable controversy. In July 2004, for example, a coalition of environmental non-governmental organizations (NGOs) criticized the construction of the Belgium boardwalk, claiming that such projects are helping to destroy tropical forests through illegal and unsustainable logging. The NGOs are demanding, amongst other things, that local, provincial and national

authorities in Europe institute more coherent and rigorous buying policies for tropical wood (Forum illegale houtkap, 2004).

As the above anecdote illustrates, the commodity or supply chain linking the farmer and the surrounding forest with the environmentalists and the boardwalk in Belgium is a highly complex and contested system, with the material flow of timber but a small aspect of the overall chain. One tool for mapping this complex system is commodity chain analysis, which can help identify the institutions, mechanisms and actors that govern access to the resource and mediate the distribution of profits. It can also assist in deconstructing the interactions between political discourse and the functioning of the market. In this article, I illustrate the potential of commodity chain analysis by presenting a summary of the timber commodity chain in Southwest Cameroon and the links between Cameroonian activities and international political discourse in Europe.¹

¹ This analysis draws upon a much broader study of the timber commodity chains linking Cameroon and Europe, and how these are embedded in environmental politics, which the author conducted in Cameroon during 2003-2004 as part of her PhD research. She conducted extensive informal and semi-formal interviews with key actors in the chain from Cameroon to Europe, as well as direct observation of activities at various points in the chain.

The article begins with an introduction to commodity chain analysis and the selection of Cameroon as a case study. Discussion then moves on to highlight the means by which the Cameroonian Government controls access to the forest resource and the specific case of the azobé timber chain in the country's Southwest Province. The next section discusses the issue of illegality in the chain, whilst the penultimate section brings together the local and global levels of the chain and how political discourse in Europe acts both as a backdrop to and as a factor that influences the market itself. The article concludes by arguing how commodity chain analysis is a useful tool for interrogating these types of local-global linkages and how environmental policy discourse can affect outcomes in producer countries such as Cameroon as well as in Europe.

THE POWER OF COMMODITY CHAIN ANALYSIS

A growing body of literature within geography and other disciplines explores the concept of commodity chains and networks. Variations can be found in terminology, theoretical bases, and thematic areas. In their review article, Leslie and Reimer (1999) define three general categories of commodity chain literature: global commodity chain analysis, systems of provision literature and commodity circuits. Other

studies use either the term *filière* or value chains. For the purposes of this article, I use the definition of commodity chains as a “series of interlinked exchanges through which a commodity and its constituents pass from extraction or harvesting through production to end use” (Ribot 1998:307-308). The embedded nature of power relations in the chain (Kaplinsky and Morris 2001:8) and “who controls global trade and industry” are key questions in commodity chain studies (Gibbon 2001:346). Governance arrangements are important and can be either centralized or decentralized, buyer-driven or producer-driven (Gereffi 1994). Tracing networks provides a means of examining “the ongoing division and integration of labor processes and ... the constant development and transformation of the world-economy's production system” (Hopkins and Wallerstein 1994:17).

The creation of these chains is complex. The networks linking households, states and companies are “situationally specific, socially constructed, and locally integrated, underscoring the social embeddedness of economic organization” (Gereffi, Korzeniewicz and

Korzeniewicz 1994:2). Le Billon (1999) notes that chains are embedded in much wider networks of social actors and practices than the production of the commodity itself. In turn, the commodity shapes these networks and social institutions. From this perspective, “markets are not only regulated by economic rationality, government policies and legal mechanisms but are both constrained and enabled by a vast array of social relations and institutions such as, for example, kinship or religious institutions” (Barber 1995, cited in Le Billon 1999). The concept of social embeddedness emphasizes the role and construction of power in the commodifi-

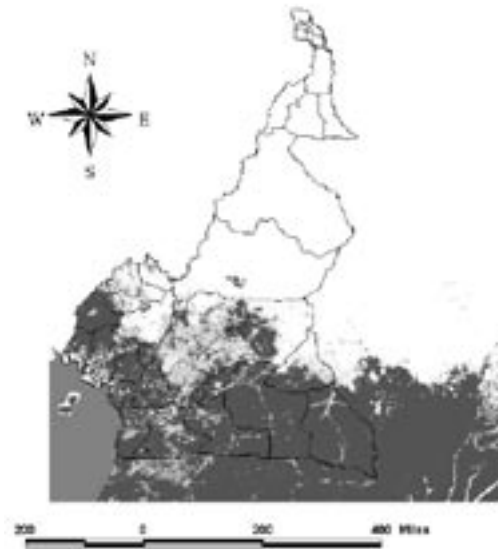


Road built in the Ndisse Community Forest, Southwest Province.
Photo: Courtesy of W. Smith

cation process. Hartwick (1998:425) argues that it is important not just to concentrate on identifying actors and distribution of benefits but that commodity chain analysis also needs to address “the most politically sensitive sites along commodity chains.”

Two commodity chain studies on forest resource use are of particular interest to this article. In the first study, Ribot (1998) explores how the control and maintenance of commercial forest access occurs at different levels of the charcoal commodity chain in Senegal. He uses commodity chain analysis as a tool to examine how, and for whom, markets operate and for understanding the patterns of benefit distribution. Ribot reveals a complex series of structures, mechanisms, and relations used by the various actors in Senegal to maintain their access to profits (Ribot 1998:308). In the second study, Le Billon (1999; 2000) examines timber commodity chains in Cambodia, focusing not only on the actors in the chain, but also on the meanings constructed through forestry discourse in the country and as influenced by external agents. He deconstructs the ideal model of forest management that is implicit in the recommendations of donor agencies, and how this actually results in more exclusionary forms of management. The ideal model of forest management did not make sense

Figure 1: Cameroon's forest distribution



in Cambodia, where the shift from ‘anarchy’ to ‘order’ failed to benefit either local people or local forests (Le Billon 2000).

CAMEROON AS A CASE STUDY

Situated at the junction of West and Central Africa, Cameroon is an exceptional country for exploring the material and discursive construction of timber commodity chains. It has rich forest resources and a complex colonial history that has resulted in lingering political, economic and social challenges. Humid moist

forest covers approximately 23.9 million hectares, or almost 50 percent of Cameroon's territory (FAO 2001), much of it located in the five southern-most provinces (see Figure 1). Cameroon's forests form part of what is today referred to as the Congo Basin forests, which span seven countries and cover almost 200 million hectares - the second largest contiguous block of tropical rainforest in the world (Laporte *et al.* 1998). The area is the subject of considerable international attention, with the announcement at the 2002 Johannesburg Summit of the Congo Basin Forest Partnership and US\$53 million dollars of funding for numerous conservation initiatives (U.S. State Department 2002).

The volume of total industrial roundwood production in Cameroon has been increasing significantly over the last 40 years and a large proportion of the country's forests are now managed for commercial timber purposes (Global Forest Watch Cameroon 2000). Cameroon is one of the top six tropical timber exporters in the world: it exported over 2.8 million cubic meters of industrial roundwood in 1997 (ITTO 2001). This increase in exports, combined with a decline in oil revenues, means the timber industry now provides a significant proportion of Cameroon's foreign export earnings. In 1996-1998, the forest sector contributed approximately 230 million USD per year, or almost 20 per-

cent, of the total value of exports (Eba'a Atyi 1998).²

ACCESS TO THE FOREST RESOURCE IN CAMEROON

As noted by Goldman (1998:2), whoever “controls property rights controls the processes of resource extraction and environmental change.” In terms of commercial forest resources in Southwest Cameroon, a number of factors, including the institutional context, are important determinants of access. The main legal means for governing access to forest resources, however, is the revised Forestry Law of 1994.³ Existing literature considers this legislation the most progressive in Central Africa as there are provisions for community benefits and processes for transparency in the administration of rights (Ekoko 2000; Silva *et al.* 2002).⁴ The law carves up Cameroon’s forests into two main categories, permanent and non-permanent forest. The

permanent forest estate consists of both State and Council forests and covers thirty percent of the national territory.⁵ State forests include both areas for wildlife protection and forest reserves.⁶ Council forests are areas given as private property to a municipal or rural council.⁷ The non-permanent forest is further divided into communal, community, and private forests. The community forests are intended to provide communities with the right to own and manage up to 5,000 hectares.⁸

The law also sets out the categories and means of forest exploitation rights (see Table 1). The major categories of commercial exploitation are forest management units (FMU) and sales of standing volume (SSV). FMU are large-scale logging areas that are restricted to state production forests while SSV can be located either in permanent forest areas of state production or council forests, or in non-permanent forests.⁹ FMU are initially for 15

years and are renewable. The conditions for SSV depend on the forest category but are basically short-term exploitation licenses for relatively small areas (2,500 hectares). An exploitation permit that provides up to 500 cubic meters of wood was also included in the law but has been suspended since 1999.¹⁰ Companies can also obtain timber through short-term special authorizations for timber removal (TRSA), for infrastructure purposes such as road building, and timber salvage or recover permits (TRP). These are not intended, however, to provide a steady supply of wood.¹¹ Additionally, companies can work with community forests or with councils that have a council forest.¹²

Access to any of the commercial rights requires that a company or individual be registered as an approved timber exploiter with the government.¹³ The registered timber exploiters are then entitled to participate

² It is debatable, of course, how much these export earnings translate either into real contributions to development or direct benefits for local communities.

³ Law No. 94-1 to lay down forestry wildlife and fisheries regulations.

⁴ The development of the Law, however, was shrouded in considerable controversy (Ekoko, 2000) and its implementation is variable with regards to a number of aspects including community forests and commercial forest concessions.

⁵ Law 94-1, Section 21 and 22.

⁶ Law 94-1, Section 24.

⁷ Law 94-1, Section 30.

⁸ Law 94-1, Section 37.

⁹ According to some sources, it appears that SSV are now supposed to be limited solely to non-permanent domain forests. There are cases, however, where recent SSV are at least partially within the permanent forest domain and even overlapping with proposed national parks, such as the case of the proposed Ebo National Park and SSV 07-02-32 in Littoral Province.

¹⁰ The suspension of these permits was purportedly to cut down on abuse. One side effect, however, is that most small scale operators are now left with no option but to log illegally.

¹¹ TRP have been suspended since 1999 by Decision No. 0944/0/MINEF/DF of 30 July, 1999.

¹² To date, only one communal forest in Cameroon has been classified and exploitation has only recently begun so companies have not yet been able to readily access wood via this means (Oyono 2004).

¹³ Law 94-1, Section 41.

Table 1: Commercial timber exploitation rights outlined in Cameroon's 1994 Forestry Law and Decree No. 95/531/PM (dated August 23, 1995).

Forest Exploitation Right	Notes	Amount (area or volume)	Period
Forest Management Unit (FMU)	An agreement to provide a long-term supply of wood.	Up to 200,000 hectares per company	15 years, renewable. 3 years initially.
Sale of standing volume (SSV)	Permanent domain forest for Cameroon nationals only	Specified volume	1 year, non-renewable
	Non-permanent domain forest	2,500 hectare, specified volume	3 years, non-renewable
Exploitation permits	Small-scale commercial	500 m ³	1 year, non-renewable
Timber Recover Special Authorization (TRSA)	For salvage of abandoned timber on the coast and roads	Not specified in law	Less than one year
Timber Recovery Permit (TRP)	Felling trees for road-building and other infrastructure	1,000 hectares	Not specified

in the bidding processes for FMU and SSV, with a final decision made by an inter-ministerial commission and monitored by an independent observer. Access to any of these

exploitation rights requires, by law, financial resources and technical capacity or training. Although not required by law, political connections are also often needed to obtain log-

ging rights.¹⁴ A wide-range of links thus exists between local communities and companies, between elites and companies, and between small-scale Cameroonian and multinational companies. The next section examines the implications of these factors in the case of the azobé timber chain in Southwest Province.

THE AZOBÉ CHAIN IN THE SOUTHWEST PROVINCE

Cameroon's Southwest Province is densely populated and agriculture plays a significant role in the local economy. The region is fairly mountainous and the forests are located within the Guinean forests, which are known for their high levels of biodiversity and species endemism (Diangha 2001; Oates and Bergle 2001).¹⁵ The region includes a number of important conservation areas, including Banyang-Mbo Wildlife Sanctuary and the proposed Bakossi National Park.

¹⁴ One forestry company employee told the author, in April 2004, that "Cameroonians have the opportunity, but not the means. My boss has the means. He is the son of the President."

¹⁵ According to the World Wide Fund for Nature's Global 200 Ecoregions, this area has been classified into two major ecoregions: the Congolian Coastal Forests and the Cameroon Highland Forests (Olson and Dinerstein 2002; Olson et al. 2000). They are subsumed into the 'Congo Basin' forest term in most contemporary usage (CARPE 2005).

Commercial timber exploitation has been occurring in the Southwest Province since at least the 1940s, with logging increasing in the late 1950s (Government of the Southern Cameroons 1960; cf. Sharpe 2005).¹⁶ There is currently one active FMU and another that is not yet attributed. These concessions border on the boundaries of Korup National Park in one case, and the Banyang-Mbo Wildlife Sanctuary in the other. Additionally, there have been a number of SSV over the past ten years. The most recent public auction for SSV was in September 2003 and included three in Southwest Province.¹⁷ There is also the Ndecuda community forest in Ndisse-Ekep, where logging has been taking place on and off since 2002.

An analysis of the various logging rights handed out in recent years indicates a very specialized and vertically integrated timber commodity chain (see Table 2).¹⁸ Timber from the

¹⁶ Companies were operating in Tombel in the 1940s and in Southern Bakossi in the 1950s and 1960s (Wild *et al.* 2004). In the Nguti area, there has been logging since at least the 1960s (Diangha 2001).

¹⁷ This sale included 20 SSV reserved for nationals and forty in a general category. Anyone applying under the national category would not, however, be able to apply for the any SSV in general category.

¹⁸ The list is based on a compilation of documentation the author accessed while in Cameroon. There may be other rights that have been authorised but which

various logging rights appears to flow predominantly to three international companies: Wijma; Transformation Reef Cameroon (TRC); and Compagnie Industrielle & Commerciale des Bois Exotiques (CIBEC), all of which are Dutch or have strong Dutch connections. In those cases where these companies are not directly involved in owning the logging rights or carrying out the timber harvesting, they have been the partners or purchasers

of the wood cut by Cameroonian companies who are the legal rights-holders. Most of the wood goes to the first two companies with the third being a smaller player.

Further analysis of the commodity chain shows that despite the rich array of species in the forests of Southwest Cameroon, azobé accounts for a significant proportion of the trees logged in this region. Azobé is used for

could not be accessed or which are not available in the most recent listing of rights. A recent atlas released by Global Forest Watch Cameroon (2005), and compiled directly from Government-supplied data, is missing information on 179 out of 311 allocated SSV.



Road construction in the Wijma industrial concession, Southwest Province.
Photo: Courtesy of W. Smith

heavy marine construction, including locks, as well as for railway cross-ties and heavy-duty flooring (Chudnoff 1984). The wood's resistant properties mean that it does not need to be treated with preservatives. Because of its hardness, azobé tends to be processed by a specialized group of companies. Of Cameroon's azobé exports, the bulk goes to Europe with the Netherlands receiving the vast majority. In 2003, some 80 percent of imported azobé ended up there, with Belgium and France each receiving just over five percent while the UK and the USA imported approximately three percent and three and a half percent respectively (SEPBC 2004).

Table 2: Preliminary list of recent and current logging rights in Southwest Province.

Year	Logging Right	Department	Division	Winner	Partner/ Purchaser
2002	FMU 11-002	Manyu	Upper Banyang	Wijma	
2003	SSV 11-06-16	Ndian and Meme	Mbongue & Ekondo Titi	TRC	
2003	SSV 11-06-17	Kupe-Manenguba	Nguti	TRC	
2003	SSV 11-06-18	Kupe-Manenguba	Nguti	CAFECO*	Wijma
2001	SSV 11-06-13	Meme	Konye	PMF-Wood	TRC
2001	SSV 11-03-14	Kupe-Manenguba	Tombel	PMF-Wood	TRC
2001	SSV 11-03-15	Kupe-Manenguba	Tombel		
2000	SSV 11-06-12	Meme	Kumba	SEPCO	TRC
1999	SSV 11-05-04	Kupe-Manenguba	Nguti	Zangem Albert	TRC
1997	SSV 11-05-01	Kupe-Manenguba		SSCTM	No information
1997	SSV 11-03-05			Enoumedi	No information
2001	TRSA 2252	Kupe-Manenguba	Nguti	Zangem Albert	TRC
2002	Community Forest	Kupe-Manenguba	Tombel	Ndecuda Community Development Association	Complexe Helena Bois and CIBEC

Source: Compiled from Government notices, legal documents, Global Witness reports, Greenpeace reports, interviews and direct observation.

In terms of the big three Dutch companies, Wijma, or GWZ, is a logging and trading company that specializes in highly durable

timber for marine engineering projects. They have been active in Africa and Cameroon for over thirty years. They acquired FMU 11-002

in the Southwest in 2002. They constructed a new sawmill in Nguti, which opened in January 2004.¹⁹ They work with various species of tree in Nguti, although azobé accounts for 80 to 90 percent of total production. They export 80 to 90 percent of their entire azobé production to Europe, although they were also producing ties for the Cameroonian railway in June 2004. At that time, they were processing wood coming from the FMU and were soon to begin doing the same to timber from SSV 11-06-18, awarded to Cafeco, a Cameroonian company.²⁰

The second company, TRC, is a subdivision of Reef, a Dutch company that specializes in wood for marine construction. Reef has an outstanding environmental reputation in Europe and 30% of the wood sold by Reef, in 2001, was Forest Stewardship Council (FSC) certified (Greenpeace, Monitor and CED 2003). TRC did not possess a FMU until 2004 and have usually obtained their timber from SSV attributed to Cameroonian companies (Global Witness 2002c; 2003b;

¹⁹ They also own a sawmill and FMU in South Province, where azobé is also found.

²⁰ Cafeco are sub-contractors in the Wijma FMU; they carry out the actual harvesting activity, though they use equipment leased from Wijma. Cafeco will also harvest the timber in their SSV but then sell the logs to Wijma.

Greenpeace, Monitor and CED, 2003). In December 2003, they obtained two SSV in Southwest Province, SSV 11-06-16 and SSV 11-06-17.²¹ TRC owns a sawmill in Douala, as well as a sawmill in Kumba, which they purchased in 2002.²²

CIBEC, the third company, was controlled by Dutch businessman Jacco Ravenhorst, and began activities in Cameroon in 1998 (Greenpeace and CED 2003). They had a sawmill in the Bonabéri section of Douala and focused on species such as azobé and doussié (Carret 1999). Most of their wood came from TRC although they also began to source wood from the Ndecuda community forest in the Bakossi Mountains in Southwest Province in 2002. They conducted this exploitation in partnership with Complex Helena Bois, a Cameroonian company based in Douala. This timber source was disrupted for various reasons including a provincial court injunction (Wild *et al.* 2004) and the company apparently later filed for bankruptcy (Anonymous source 2004).

²¹ Decision No 00158/D/MINEF/CABA of December 30, 2003. They also obtained two other SSV in Littoral and Centre Provinces.

²² The sawmill has been in operation since 1973 and owned by a number of companies, including STIK, affiliated with Wijma (Carret 1999).

ILLEGALITY IN THE TIMBER CHAIN

Implementation of the law and its various regulations is problematic on a number of levels in Cameroon and at different points within the commodity chain. There have been on-going problems concerning illegal logging and a number of cases of irregular attribution and irregular relocation of exploitation rights. This section describes the means by which government officials, elites and companies manipulate the system in order to access or control the resource, focusing on the attribution of SSV and community forests as an example.

As noted earlier, both SSV and community forests can be placed in the non-permanent forest domain. In December 2002, MINEF issued an order that fixed the procedures for a “preemption right” that would enable communities to refuse a SSV and instead pursue community forestry activities in the same area of forest.²³ Thus, prior to issuing tenders for SSV, the Government has a responsibility to inform communities. In practice, however, this right does not appear to have been applied on a transparent or consistent basis. For example, all six chiefs interviewed in the villages around SSV 11-06-17 stated that the

²³ Arrêté 518/MINEF/CAB du 21 Décembre 2002.

first they knew of the SSV was when TRC arrived in their village with a government order showing they had the right to log. Members of two villages erected a barricade to protest against the logging because: As one chief explained:

They just surprised us when they came. As a result of that, there was a blockade set up at the road leading into the forest because, traditionally, the custodians are supposed to be aware of (problems) before ever the forest is tampered with.

Another chief complained that although he had been told that logging would only begin after a regional meeting, TRC started to log before this meeting ever took place. Additionally, neither the Nguti Mayor nor the chiefs appeared to be aware that SSV 11-06-18 would soon be in operation.²⁴

A number of other SSV in the Southwest have involved illegal activities or social conflicts, as evident in Table 3 (Global Witness 2002c; 2003a; 2003b; Greenpeace, Monitor and CED 2003). A major concern revolves around the relocation of SSV areas after the bidding and allocation process is complete

²⁴ In general in Cameroon, a significant proportion of the SSV allocated appear to be larger than the 2,500 hectares allowed by law (Global Forest Watch Cameroon 2005:10).



Loading timber on a logging truck for transport to the mill.
Photo: Courtesy of W. Smith.

but before the issuing of documents, which requires the active participation of public officials (Global Witness 2003b; 2004). This practice effectively removes the community's preemption right as well as depriving other companies of the opportunity to bid on that particular patch of forest. Additionally, there have been numerous cases of companies actually logging outside of their approved area, resulting in significant losses of royalties to the state (Global Witness 2002a; 2002b; 2003b; Greenpeace, Monitor and CED 2003).

There are also allegations of manipulation of the community forest regime in Cameroon. In many cases, local elites and economic operators have used community forests to gain access rights to the forest and the associated economic benefits. This situation appears to

hold true in terms of the Ndecuda community forest, where logging was initiated by two local elites who live elsewhere. The villages of Ndisse and Ekep obtained the rights to the forest in 2002, despite protests from nearby villages. The surrounding villages took the case to court, alleging that the community forestry process was not followed and a consultation meeting had never taken place. The independent monitor, Global Witness, investigated some issues in 2002 and found the forest had never been demarcated on the ground (Global Witness 2002c). The other villages lost the case, however, in 2003 after considerable social conflict and violent incidents involving the army and local government officials. One village chief stated that this was possible in Cameroon because:

Here, it is the survival of the fittest... those who have the money can fight and win a legal battle. I am not afraid to say it. Even if it was the Governor who was there or the President himself. Let me die. Cameroon is Cameroon.

Some residents of Ndisse now express concern and dismay about the situation and how their community had been misled. One young man stated:

A road from Ndisse to Ekep. Electricity. Employment for the youths. See? She [Helena

Complexe] promised these things but nothing has been done since the creation of the community forest. She puts more attention on the production of timber.

While promises are made to the village members to obtain their consent, these often amount to nothing. Reasons for manipulating access are at least in part due to a desire to garner the benefits from this high value commodity. The distribution of benefits along the chain is far from equitable, despite widespread rhetoric of poverty alleviation and the like (see Table 4 for a simple expression of the numbers). Value at the local level (forest level) remains low. In the Ndecuda community forest, for example, Ndisse and Ekep's contract with Complex Helena Bois pays them 1,000 FCFA²⁵ per cubic meter of wood of any species, including azobé. In SSV 11-07-17, the villagers received 1,000 FCFA/m³ for wood directly from TRC.²⁶ Royalties are paid separately to the government, with forty percent intended for the municipal council and ten percent for the affected communities.²⁷ The export

²⁵ 1 Pound Sterling (GBP) is equivalent to approximately 950 Central African Francs (FCFA). One Euro is worth about 670 FCFA.

²⁶ The 1,000 FCFA/m³ appears to have been created as a mechanism to provide benefits to the communities as an incentive to allow logging (Karsenty 1999).

²⁷ There are significant problems with the distribution and spending of forest royalties in Cameroon.

Table 3: Examples of documented problems in some exploitation rights in Southwest Province.

Right	Company	Notes
SSV 11-06-16	TRC	SSV granted to TRC is different in the final authorization compared to the area opened for public bidding in the September 2003 Public Notice. Allegations of wrongdoing have been made in the press.
SSV 11-06-17	TRC	This SSV was not included in the original Planning document that is used to notify communities about their right of refusal.
SSV 11-06-18	CAFECO	The area of the map does not match legal description.
SSV 11-06-12	SEPFECO	Inaccurate position of SSV on the ground. Evidence of logging 7.5 km outside of SSV boundaries. Illegal road network.
SSV 11-06-13	PMF Wood	The boundaries of this SSV were moved 20 km away from legal location advertised the June 2000 public bid. Illegal logging outside of boundaries. Conflict with local community.
SSV 11-05-14 and TRSA 2252	Zangem Albert	Issuance and dates of use appear irregular. Logging outside of dates and outside of approved boundaries.
FMU 11-002	Wijma	Irregular use of log books (DF-10).
Ndecuda Community Forest	Complexe Helena Bois-CIBEC	On-going conflict with local communities. Authorization to exploit the forest by industrial means.

Sources: Various Global Witness and Greenpeace reports and newspaper articles.

value set by the government for tax purposes is currently 84,000 FCFA for azobé. Initial data gathered from companies in Europe indicate that this wood (in end product form) can be sold for between 450 and 1,100 Euros/m³, or approximately 700,000 FCFA/m³. The distribution of earnings / profits in Cameroon is related to one's ability to mediate access, something which increases the further you move away from the forest and higher up in the commodity chain. Elites from Ndisse, for example, now have their own cars, while the resident villagers both there and in the isolated settlement of Ekep, continue to live without electricity and the road they so desperately need.

CONTESTING CENTRAL AFRICAN FOREST SPACES: INFLUENCING THE MARKET THROUGH POLITICAL DISCOURSE

Issues of illegality, coercion and manipulation of the legal regime become even more problematic in the global context and have significant ramifications for the international trade in timber from the Southwest and other parts of Cameroon. This is partly because tropical forests are "highly contested spaces", both on the ground and in social theory (Doornbos, Saith and White 2000). On the one hand, tropical timber is a high-value commodity that provides significant revenues for many

Third World countries.²⁸ On the other hand, tropical humid forests²⁹ are a high priority on the international environmental agenda (Adger *et al.* 2001; Humphreys 1996), with various actors expressing concern about the on-going loss of these biodiversity hotspots (Bowles and Prickett 2001). The demand for timber is identified as an important cause of forest degradation globally (Dudley, Jeanrenaud and Sullivan 1998), whilst its impacts on biodiversity are poorly understood (Matthews *et al.* 2000). Logging is considered the most significant threat to remaining frontier forest in many global regions, including Africa (Bryant, Nielsen and Tanglely 1997). As a result of these findings, highly politicized struggles to control access to and use of the forest play out on the international as well as national and local stages.

²⁸ For example, producer countries of the International Tropical Timber Organization (ITTO) exported nearly 8.3 billion USD in 2000 and 7.4 billion USD in 2001 worth of tropical timber products (ITTO 2003).

²⁹ Tropical moist forest are “evergreen or partly evergreen forests, in areas receiving not less than 100 mm of precipitation in any month for two out of three years, with mean annual temperature of 24-plus degrees C and essentially frost-free”. (Myers 1980, cited in Myers 1994:27). These forests are rich in biodiversity: closed tropical forests are estimated to hold between 50 and 90 percent of the world’s terrestrial biodiversity (Reid and Miller 1989).

Table 4: Value of azobé along the commodity chain.

Location	Value (FCFA/m ³)	Equivalent (Euro/ m ³)
Villages	1,000 – 5,000	1.50 to 8.00
Port (Cameroon government FOB)	85,000	125.00
FOB prices (log price) as of February 2005		145.00
European retail price	700,000	1,100.00

Source: Interviews, Government documents, ITTO Market Study Reports.

This struggle is nowhere more apparent than in the battle over timber from Cameroon and other Central African forest nations, which is being fought both in Europe and on the ground in Cameroon. At the European end of the commodity chain, actors have developed various strategies to address the problem of declining forest cover. Many groups, from NGOs to multilateral and bilateral agencies, have championed market-based approaches, including certification and labeling. The underlying assumptions are that since forest use and logging is inevitable, there should be an attempt to ensure that such use is managed sustainably. This approach, often based within first-world contexts, recognizes the power of the consumer and the market, and attempts to use that market to influence change. As a result, part of the current dis-

course focuses on improving the logging industry’s operating practices and reducing the impact of demand.

The concept of supply chains is an explicit part of international forestry discourse. Many NGOs are currently expending considerable effort on tracing the links between development activities in remaining forest areas and the governments, retailers and other consumers who buy the wood. As mentioned in the introduction, a coalition of European NGOs released a report that criticized the construction of a boardwalk in Belgium because of its use of Cameroonian timber. This move by Greenpeace and others is part of a larger campaign targeting tropical timber supply chains that rely on illegally and unsustainably harvested wood. For example, in 2002, Greenpeace took public action against

the United Kingdom government, storming Whitehall during renovations to replace windows and doors that they claimed were made of illegally and unsustainably harvested wood from Cameroon.

They have also consistently targeted companies in an attempt to influence the timber commodity markets. They have attacked a number of companies, including Wijma, Reef and CIBEC, based on their records in Cameroon (Greenpeace 2003; Greenpeace and CED 2003; Greenpeace, Monitor and CED 2003). In one report, the caption for a picture of Wijma sawn timber in a Dutch port reads:

Is this timber legally produced? Once Wijma's sawn timber arrives on the European market, it is impossible for the customer to verify its legality. Logs from legal and illegal sources are easily mixed and could be processed together in Wijma's sawmills in Cameroon or in Europe (Greenpeace 2003).

They have challenged timber traders, such as Hupkes in the Netherlands, to audit their own suppliers and ensure they are not marketing illegally harvested timber (Greenpeace and CED, 2003). They are questioning the validity of the entire chain, not just the illegal aspects. Their objective is to pressure companies into changing their practices and



Container loading in the Port of Rotterdam, the Netherlands. Photo: Courtesy of W. Smith.

governments to reform legislation and purchasing policies.

Partly in response to such pressure, European governments including those of the United Kingdom, Denmark, the Netherlands, and the European Union (EU) itself, are developing policies focused on reducing the importation of illegally harvested and traded tropical timber. For example, the EU has just developed an action plan focused on reducing the importation of illegally harvested and traded tropical timber (European

Commission 2003) and the UK government has a procurement policy on tropical hardwood (Meecher 2000). The G8 is addressing the issue of illegal logging in 2005, although their Environment and Development Ministers refrained from endorsing any legislative language in their March 2005 statement.

These new policies and developments are in turn beginning to affect the functioning of related markets. Companies are now turning to certification and other processes in an attempt to ensure they do not lose their ac-

cess to markets in Europe. Eight companies, including Reef, sent an open letter to the G8 Ministers, calling on them to take action and develop legislation.³⁰ This would have seemed impossible five years ago. In turn, these developments in Europe are affecting operations on the ground, with some companies at least attempting to implement timber-tracking systems as part of their Cameroonian operations. Thus, change does seem to be underway, although it is still too early to assess the overall impacts and meaning of these changes.

CONCLUSION

Tropical timber is a high-value commodity that links villagers and timber-producers in forest-rich countries with traders, retailers and consumers in countries around the world and provides significant revenues for many Third World countries. The political nature of the timber trade and the broader forestry discourse raises questions, however, about the nature of power relations in political economic structures and knowledge construction surrounding timber commodity chains. Commodity chain analysis is a tool that enables the

³⁰ "Our pledge on forestry products", Thursday 17/03/05, The Guardian. Available online at: <http://www.guardian.co.uk/letters/story/0,,1439523,00.html>.

deconstruction of the networks, discourses and power dynamics present in these chains. Following the network of actors, processes and institutions, as well as the distribution of access to benefits and profits, highlights the socially embedded nature of the timber chain and how there are complex linkages between the different processes taking place at global, regional and local levels. It also reveals that northern environmental pressures can bring about conditions that affect the functioning of the market. The discourses on the conservation and development of tropical rain forests are targeting timber commodity chains linking places such as Cameroon's Southwest Province with international markets in Belgium and the United Kingdom. In response, market players and consumers are beginning to react and even, in some cases, becoming proactive in terms of developing their own strategies and visions for change. Progress is slow, however, and only time will tell whether these different initiatives will have an impact on levels of illegally logged timber and lead to a better deal for local forest communities.

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Managing the Commons: Markets, Commodity Chains and Certification

Key Issues, Recommendations and Questions

Dan Klooster

INTRODUCTION

MARKETS INTEGRATE local commons into global structures of production and consumption. For consumers, the market conceals knowledge of what their consumption implies for the maintenance of the global climate, conservation of biodiversity, and health of ecosystems, all of which are global common property resources in which they have a stake. For community and small-scale owners, markets translate their ownership of natural resources into income, and this can provide incentives for sustainable management. Often, however, other actors in the market are more powerful and are able to shut communities out of the market and to deny them equitable compensation for their resource management labor. In many cases, the market is structured in a way that fosters illegality and that channels benefits to the powerful, not to the resource possessors best positioned to conduct sound management. The market, therefore, is both an essential opportunity and a looming threat for rural development and the sound management of renewable natural resources.

These articles suggest two related issues that are key for understanding markets. First, markets exist in a mesh of government-influenced institutions, such as property rights, logging permits, and trade agreements. Sec-

ond, markets are structured relationships between actors, including consumers, governments, and nongovernmental organizations. Commodity chain analysis is one useful way of understanding these relationships. Using these two lenses, certification schemes come into focus as an institution implemented by commodity chain actors with the purpose of improving ecosystem management and rural welfare.

MARKETS ARE INSTITUTED

Institutions¹ can be thought of as the rules that structure relationships between people, including both formal law and informal, widely-accepted arrangements of various kinds. Much of the common property literature, for example, addresses the varied institutions of property rights that coordinate human behavior in the commons.

As Scherr, White, Molnar and Kaimowitz reveal in the case of forests, a large number of institutions interfere with the ability of the forest-dwelling poor to benefit from their possession of forests. One essential

¹ In common English, institution is often confused with organization, which is more specific. Marriage for example, is an institution. A specific family, however, is an organization.

set of institutions are the property rights of ownership. Fortunately, however, community ownership and co-management of forests is significant and increasing, especially in the global South. This expansion comes through devolution of property rights from nation states, which still own half or two-thirds of remaining forest, but lack the resources for oversight and management. These reaffirmed forest owners might be well-placed to benefit from the conservative use of their resources as shrinking timber supplies create potential market opportunities.

The state, however, tends to erect institutional barriers in order to exert control over resource extraction. These include requirements for detailed forest management plans, logging permits, and the frequent creation of official monopolies for forest products, among other institutions. When community or small-scale forest owners are unable to cover the costs of expensive management plans from small and infrequently harvested forests, this kind of “bureaucratic gauntlet” excludes them from the market. In other cases, these kinds of institutions can empower other actors who use their political connections to get logging permits, and then use them to extract income from forest production at the expense of forest owners. Institutional barriers to market access can also produce illegality when the institutional hurdles are high,

but enforcement capabilities are weak. In this case, markets tend to favor the most ruthless or the politically best-connected, not the possessors of the forest. Since states usually favor larger operations over smaller ones in order to reduce oversight expenditures, local forest users are most likely to become criminalized.

Forest markets provide substantial opportunities for the forest-dwelling poor to increase their incomes, but these opportunities are limited by forest policies that structure markets in ways that decrease their ability to participate in markets. Scherr, White, Molnar and Kaimowitz make it clear that, to improve rural welfare and provide conservation incentives, controlling property is important, but not sufficient. The institutional context may structure a market in ways that make it inaccessible to resource possessors, and that deny them an equitable share of the value from resource extraction.

MARKETS ARE STRUCTURED RELATIONSHIPS BETWEEN ACTORS

Not only are markets instituted, they are also ordered in relationships between actors of different power and abilities. The concept of a commodity chain gives researchers a framework to better understand the politics of markets. A commodity chain is the series of exchanges through which a commodity

must pass from harvesting through production, transportation, and final use. These exchanges take place between actors, including not only firms and individuals, but also government regulators and—in some cases—environmental action organizations.

Smith describes the commodity chain for a tropical hardwood from Cameroon. This commodity chain links Cameroonian villagers, loggers, transporters, wood processors, traders, retailers and European consumers. Legal institutions create very limited opportunities for local communities. Most timber is produced by large-scale concessions on state-managed lands. There are often illegal aspects to this process, especially the failure to comply with requirements to inform forest residents and give them a chance to veto logging concessions on lands they claim. In addition, logging companies often log in areas outside of their permits.

The institutional contexts of markets give some actors in a commodity chain the ability to influence transactions and gain income as a result. In Cameroon, the distribution of profits relates to the ability to mediate access. Individuals and firms with financial resources, technical capacity, and political connections get the logging rights and most of the income from forest exploitation. The residents and possessors of the forests, meanwhile, get to see none or relatively little of that income.

Ultimately, however, most Cameroonian timber flows to three main international companies that eventually sell the lumber in Europe. This Northern exposure gives Northern environmentalists some leverage to pressure these companies, expose some of the abuses in logging regions, and promote the environmental certification of forest products to track timber and avoid illegality. These pressures are bringing about some changes at the root of the commodity chain, in the state and community forests where loggers harvest trees.

As Smith demonstrates, the commodity chain is a useful tool for looking at the environmental politics of a market. The concept also helps to place Vidal and Donini's interest (see text box in Scherr, White, Molnar and Kaimowitz article) in the relationships between firms that log or process wood and the communities and small holders who own forests and plantations. Such links are essential to establishing flows of products and income between small-scale and community natural resource owners and the rest of a commodity chain.

CERTIFICATION

Certification is an institution designed to affect production methods in commodity chains. Organic, Fair Trade, Forest Steward-

ship Council and Marine Stewardship Council certification consist of a set of standards, a system of audits by independent auditing firms, and a label that allows consumers to associate certified products with organic, fair, or environmentally-superior production processes. These schemes attempt to reconnect (usually Northern) consumers with the social and environmental implications of the commodities they consume. Certification schemes make visible and reaffirm connections between producer and consumer in a global commons, connections usually hidden by the global market. Sometimes—but not always—certification rewards producers with higher prices.

Amalia González and Nigh describe the evolution of organic certification in Mexico, which is a dynamic, growing sector that successfully delivers higher prices to organic farmers. Organic certification took off in Mexico during a period of state retrenchment from support to coffee farmers. It became especially widespread among cooperatives of Indigenous coffee growers attempting to restore soils and to reach trustworthy clients who paid them higher prices. Organic farming became seen as a way of life, linked to Indigenous identity and the interests of small farmers.

As certification grew internationally, however, the need for broader standards emerged, and the US and EU governments

took on the role of defining organic standards and establishing inspection procedures that discouraged giving advice or technical assistance, since this could be construed as a conflict of interest. Certification procedures and standard-setting became increasingly professionalized and distant from farmers and their organizations. Large farms have started to produce significant amounts of certified organic coffee, and there is even some organic contract farming by agribusinesses, a development quite alien to the original concepts of organic farming that inspired the social movement.

More recently, there has been a proliferation of similar labels and certification schemes, such as bird-friendly coffee, with varying degrees of rigor in standards and inspection procedures. Developed by environmental organizations and promoted by retailers and roasters, they have an even weaker relationship with farmers organizations than organic certification. These labels constitute a kind of free-riding on the organic social movement, displace some small-holders from similar market niches, and they distract and confuse consumers with a “cacophony of labels.”

Similarly, Fair Trade coffee and the environmental certification of forests are also cases in which prolonged exposure to the institutions and actors of global markets erode some of the values and goals of the social

movements that generated the certification scheme in the first place. Even with certification, producers often face barriers such as volume, quality, timeliness of delivery, and the regulatory hurdles of forest management plans and logging permits. Such requirements are related to the institutional context and the demands of the most powerful sectors within the commodity chain. Nevertheless, these approaches to certification remain important non-governmental interventions in commodity chains that have varying degrees of success in leveraging social and environmental improvements to production systems.

RECOMMENDATIONS

Explicitly or implicitly, the contributors to this volume make a number of policy recommendations so that markets and certification schemes are more effective in delivering incomes and conservation incentives to small-scale and community natural resource managers:

- ✦ Extend secure community ownership, access, and management rights to natural resources;
- ✦ Reform forest policies to remove unnecessary institutional barriers to small-scale participation in natural resource markets;

- ✦ Eliminate preferential subsidies and permitting procedures for large operations;
- ✦ Devolve regulation to local governments and communities;
- ✦ Support community-company linkages and provide extension services in business management;
- ✦ Protect subsistence rights and access where markets are inappropriate;
- ✦ Foster certification schemes that increase the ability of community resource managers to benefit from markets and provide incentives for sound resource management; and,
- ✦ Use certification and other mechanisms to hold consumers and international companies accountable for resource management practices at the bottom of the commodity chain.

A number of recommendations apply specifically to improvements in certification:

- ✦ Increase the participation of small-scale and community resource managers in setting certification standards and auditing procedures;
- ✦ Resist the proliferation of certification labels, especially ones divorced from producer organizations;
- ✦ Decrease the cost of certification through simplified, scale-appropriate certification procedures;

- ✦ Increase the benefits of certification through community-company linkages and extension services in business development; and,
- ✦ Use certification to lower the regulatory hurdles producers face.

SOME REMAINING QUESTIONS

These articles on markets and certification also raise a number of unanswered questions about certification and markets.

What strategies can mitigate the global inequality of markets? International trade agreements routinely permit the subsidy of northern agricultural producers but severely limit the ability of Southern national governments to protect sustainable local producers from being drowned out by non-sustainable, illegally-produced, and sometimes even subsidized imports. International trade agreements sometimes also limit the ability of national governments to enact the kinds of institutional reforms recommended here. Meanwhile, the frequent dominance of commodity chains by a few large international retailers, traders, or manufacturers also affects the ability of small-scale and community natural resource managers to access an equitable share of market benefits. The global inequality of markets also has implications for certification schemes, which

nearly always disproportionately reflect the views and interests of Northerners. In some cases, relatively powerful northern companies also influence the standards as they become codified through government-sanctioned definitions, as in organic, and even through stakeholder-inclusive nongovernmental bodies like the Forest Stewardship Council, where northern interests are said to dominate standard-setting and certification procedures. Such concerns will become increasingly urgent where certification schemes evolve into “gatekeeper” institutions that present barriers to market entry.

Does interaction with markets necessarily erode cooperative forms of organization? Common property theory has long been interested in the way the competitive logic of markets rewards individuals for free-riding in commons situations. The evolution of certification schemes as they are exposed to markets suggest this concern has parallels at broader scales of social organization. New coffee certification schemes coming from coffee roasters, retailers, and northern environmental organizations, for example, are said to “free-ride” on the social movements behind the organic and Fair Trade labels with which they

compete. This proliferation of certification schemes – together with a push to increase market shares – divides farmer organizations and weakens the sometimes supportive social relationships between certified coffee growers, certifiers, traders, roasters and consumers. On the other hand, the Northern domination of timber markets like the one in Cameroon make it particularly susceptible to influence from Northern environmental action groups, and their actions might generate benefits for small-scale and community forest possessors.

What are the characteristics of markets that successfully channel equitable benefits to small-scale and community producers managers? Case studies of relatively successful marketing experiences should use a commodity chain approach to examine the power relationships and institutional contexts of markets. Potential explanatory factors include the institutions derived from of environmental policies, and how these affect market entry at the local, national and international levels. They must also include a clear view of the local, national, and international actors involved in the market, and how their different abilities and powers affect the incomes obtained along

the chain of transactions between resource management, harvest, processing, transportation, and consumption.

SUMMARY

For possessors of common property forests, fisheries, and agroecosystems, the market is the essential instrument for translating their ownership and labor into income and livelihood. At the same time, for consumers, markets are essential links to the global commons. Unfortunately, institutions and actors in commodity chains often structure markets in ways that marginalize small scale and community producers and that conceal from consumers the environmental and social implications of their consumption. These articles on markets and certification remind practitioners and researchers that improving rural welfare and conserving renewable natural resources requires an understanding of common property resource management that includes market institutions and the social relationships of market agents in commodity chains.

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