Report of a meeting of participants of the UK Tropical Forest Forum on

Small enterprise development and forests

Royal Botanic Gardens, Kew
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Executive summary

Justification: Small enterprise development dominates forestry in developing countries. Increasingly, these enterprises are based on forest that are owned or controlled by communities themselves. Their impacts are variable and context-dependent. But the prospects for greater livelihood and sustainability returns are great. This will only happen if the internal systems, external policy, and market frameworks are right. This meeting was organised because it was felt timely to discuss what can be done to improve the impacts of small enterprises and find ways of rewarding sustainable local forestry.

Recognise the importance of SMFEs: Small and medium forest enterprises (SMFEs) play a major role in commercial forest activities in developing countries. Rough extrapolations suggest that they make up 80-90% of enterprise numbers and more than 50% of employment in many forest sectors. Many of these SMFEs are very small low-input, low-output enterprises, but some are more productive and engaged with the modern sector.

Discriminate in favour of forestry sub-sectors with good long-term prospects: Lessons from experience suggest that it is possible to identify forest product markets that offer prospects for SMFE persistence and growth. Timber-based woodworking enterprises are one example, where markets expand with increasing incomes, where there are few diseconomies of scale and where production can be made gradually more efficient as the business grows. Building SMFEs with good long-term prospects is critically dependent on sound resource use – so sustainable forest and tree management needs to be built in from the outset.

Build on existing collective action: In many cases, SMFE problems associated with scale inefficiencies, lack of business and market intelligence and policy voice can be tackled by working together in SMFE associations. It is striking just how many such associations already exist to achieve these aims in developing countries (e.g. there are more than 3000 forest dependent associations in Uganda alone). Building democracy and transparency into SMFEs and their associations is critical to long-term prospects for social justice and benefits to the poor. Associations need to be aware of and fight to resist political dependence, overcome elite capture, resolve poorly defined procedures and exclude free riders. Good leaders with a history of social engagement are essential, but there must also be a transition to stable institutional rules to ensure that dependency on single charismatic figures is avoided. Important tactics include maintaining financial transparency and keeping a clear focus on a few achievable business aims.

Use leverage to create pro-poor forest policies: External supporters of SMFEs need to focus on creating an enabling policy environment for SMFEs. Over-regulation in forestry is rife – and procedures for starting a business or business association need to be simplified. There needs to be adequate and fair enforcement of tenure rules such that powerful lobbies do not gain unfair access over lucrative forest resources – as noted in the case study from Ecuador. It is crucial that land and resource access rules are clear and favour SMFE and community operations.

Underwrite the provision of good market information and service links: Providing good market information and links to service providers is also key, particular those who provide credit and need to be made aware of the constraints of running small scale forestry operations. Working to provide guarantees through which long-term financial partnerships can be developed is essential. In addition, training is often needed in basic business administration and financial management to allow SMFEs to attract investment.

Spread good models of business partnership: Partnerships between buyers and SMFEs are essential. It is striking in the successful case studies from Brazil, Kenya and Papua New Guinea how important these business partnerships are. Achieving market success seems to involve success in four key business functions: (i) organised and sustainable producers; (ii) aggregation of products in sufficient volume to meet market demand; (iii) marketing strategies and strategic partnership with committed buyers; and (iv) systems to gather market

intelligence and promote product innovation. SMFEs need to beware of over-dependence on single buyers or negotiate long-term deals that avoid cycles of boom and bust.

Think 'quantity', 'quality', and 'time': Too often SMFEs are unable to respond to the volumes or qualities in the time frames demanded by buyers. Competing in the modern sector requires a degree of customer interaction and service that may be quite alien to community ways of working where social flexibility is deeply ingrained. Helping SMFEs to learn the business 'language' of buyers in terms of dimensions, quality gradings, packaging requirements, volume calculations, documentation terminology, delivery schedules and labelling is vital in allowing them to establish 'business credibility'.

Tailor business support to cultural realities: Not all SMFEs operate in just policy frameworks. The case study from Ecuador showed how supporters of SMFEs might need to adopt quite provocative tactics to expose collusion between powerful elites that deny SMFEs space to operate. Not all SMFEs are based on natural forest management. The Kenyan case study showed how timber supply could be met by innovative programmes of sustainable tree management on-farm. Not all SMFEs will aim for profit maximisation. The Papua New Guinea example showed how stable employment, community development and clear land use planning were key aims for small timber producers – above economic growth. In each case, adequate knowledge of the macro-economic, environmental and socio-cultural context is critical to success.

Use consumer support for social and environmental goods: The power of consumers can be harnessed in support of responsible SMFEs and their associations. While consumer mechanisms may not be the first step (e.g. in areas where tenure and access rules are unclear), they do have a role to play in rewarding SMFEs that do have stable resource access. There is evidence of rapid recent growth in both socially responsible and environmentally responsible purchasing. But the disproportionate costs for SMFEs with existing forest certification schemes currently rig certified production in favour of large operators. Mechanisms need to be found that distinguish products from responsible community / SMFE associations from those of larger enterprises and reward them in the market place. Fair trade potentially has great relevance to the SMFE sector. For example, in Papua New Guinea fair trade certification as an adjunct to forest certification was being used by one SMFE to gain market advantage over other larger certified enterprises.

Work together with labelling initiatives to modify schemes towards fairer trade: The boom in forestry certification schemes since the 1990s should not divert attention away from the main global systems (currently FSC and PEFC). The strong social commitment of the former and the recent decision (in Manaus 1995) to work more closely with the fair trade community presents an important opportunity. Working on 'access to certification' through modified SLIMF procedures and other group schemes is a priority area. The information about certification and the compliance procedures need further simplification. There is a need to move beyond standard setting to a greater engagement with willing buyers who themselves need support in working with community and other SMFE groups.

Push for innovative pro-poor procurement policies: There are good existing examples of procurement of forest products from certified legal or sustainable sources. However, as yet these procurement policies do too little to discriminate in favour of smaller scales of enterprise. Social procurement codes need to be developed not only for North-South transactions but also for domestic purchasing within both North and South. There may be ways of taxing non-certified or non-fair trade products in such a way that funds can be used to subsidise social or environmental certification. Additional possibilities may exist in payments for environmental services (e.g. carbon sequestration, biodiversity payments, watershed management etc.).

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Acknowledgements

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The organising committee included: Duncan Macqueen (technical co-ordination and report editing), Marie Jaecky (logistics, administration and photography) and Nicole Armitage (note-taking and collation of this report).

The organizing committee would like to express their thanks to all who made this meeting possible: to Professor Julian Evans and Jane Thornback for help linking this meeting with previous TFF events, for guidance on TFF protocol and for providing contacts – and to all at the Royal Botanic Garden, Kew for excellent logistical support.

We would also like to extend out thanks to the speakers and participants who provided excellent material and enthusiastic discussion throughout the day.

Preface

This report covers a meeting of participants of the UK Tropical Forest Forum (UKTFF) entitled 'Small enterprise development and forests'. The meeting was organised and facilitated by the International Institute for Environment and Development (IIED) and funded by the UK Department for International Development (DFID). More than 50 participants participated from 12 countries.

The purpose of the meeting was to explore a broad range of options to prosper *responsible* small-scale forest enterprise. A second day of discussions by a smaller working group occurred on the following day. The second day explored in more detail some of the trade options for enhancing local returns from forest products – including both certified sustainable forestry and fair trade. A separate report has been prepared of that event.

The UKTFF is an independent association created in 1990 in response to the growing concern within Britain for the future of tropical forests. Over the past 16 years, the UKTFF's members have furthered the debate on many forest issues. The UKTFF has held over 150 meetings to date, convened by more than 10 working groups with particular focuses on biodiversity, trade and forest policy.

Under the stewardship and oversight of Jane Thornback, the forum has been unique in facilitating engagement between its members from British based civil society, academia, government, private companies, public organisations and other individuals with an interest in the sustainable use and conservation of tropical forests. On behalf of forum members, Mike Arnold took the opportunity to express his gratitude and thanks to Jane Thornback as she officially stepped down from her role of UKTFF coordinator. Jane Thornback called for any individuals or organisations interested in convening future meetings and/or maintaining the UKTFF website and its contact list to please contact her.

The notes below represent a summary of the presentations and plenary discussions that followed. For ease of presentation, the plenary discussions are presented as a thematic summary of discussions and do not necessarily reflect the chronology of the meeting. The purpose of this report is to reflect some of the opinion, thoughts and suggestions presented at the meeting. The authors of the report have not attempted to take a conclusive view on any of these issues but have reported them as discussed.

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1. Opening and introduction

The meeting was opened by James Mayers (IIED) and Professor Julian Evans (Imperial College). In the past, attention has focused on the sustainability of large or micro forest enterprise. But the 'messy middle' consisting of small and medium forest enterprises (SMFEs) has received far less attention. SMFEs, particularly those based on timber, were identified as the focus for the meeting. The aim was to discuss how to prosper responsible SMFEs and thereby lift people out of poverty.

2. Plenary presentations

Presentation by Mike Arnold (independent):

2.1 Factors that shape opportunities and constraints for small forest enterprise activities

Introduction

- Overall, the numbers of small enterprises that produce and sell some form of forest product are huge
- Only a relatively small proportion engages in selling to the modern sector
- Information about factors that shape the patterns and evolution of such enterprises may help identify their potentials and constraints in different producer-to-consumer situations

Overview

- A two part structure exists in the sector: large numbers of very small low-input low-output enterprises, and smaller numbers of larger more productive enterprises
- Low productivity enterprises are mainly rural, and meet local agricultural and farm household demands
- Higher productivity activities are likely to be responding to opportunities in urban and industrial markets
- However, some combination of the two types of enterprise usually occurs in every situation

Low productivity activities & poverty alleviation

- Low productivity enterprises proliferate where ease of access to the resource, and minimal capital and skill barriers to entry to the activity, enable poor households without better options to generate some income
- They tend to be very small in size, and unlikely to be able to grow in size or turnover, labour intensive, generate little if any surplus to invest in livelihood improvement, and have high attrition rates
- They are important in diversifying 'coping' livelihood systems - supplementing other income, filling seasonal and other gaps, providing a 'safety net' in hard times

Higher productivity activities & livelihood uplift

- Higher productivity activities tend to be larger, operate year round, are engaged in because of market prospects and potential for wealth accumulation rather than lack of alternatives, and grow as much from increase in unit size and turnover as from new start-ups
- They are likely to require some input of capital, skills and entrepreneurial experience, which limits access by the very poor
- It is often difficult to introduce new such activities oriented to outside markets until there is an adequate transport and education infrastructure in place in the region

Impact of greater exposure to market forces

- Though low productivity enterprises are important in 'coping' strategies of the poor, not many are able to contribute to wealth generation that could reduce their poverty, and many fail to remain viable once exposed to external market pressures.

- Increased exposure to market forces may thus disrupt or overwhelm some small forest enterprise activities, while providing new or expanded options to others which can respond to new market opportunities
- Different types of small forest enterprise are therefore likely to be appropriate at different stages of development in an area

Factors in small enterprise stagnation & decline

- Demand for their products falls as incomes rise
- They cannot compete with factory made or synthetic alternatives as these become available
- They are not able to improve their efficiency, and become uncompetitive as labour and other costs rise
- Better income-earning opportunities become available locally
- The need for supplementary or safety net income diminishes

Factors in small enterprise persistence & growth

- Subsistence users shift from gathering to buying a product
- There is no alternative way of making the product
- The production process does not have significant diseconomies of small scale
- The production process can be made more efficient economically as competition increases
- Parts of a larger production process can be efficiently produced by out-sourcing to small producers

Patterns in southern and eastern Africa

- Most cane/bamboo/grass (CBG) enterprises were single person, operating part-time, from home. Most woodworking (WW) units were larger, workshop based, in urban as well as rural locations
- Woodworking employs a low-cost technology that enables units to expand incrementally and to compete with manufactured products. The making of CBG products cannot be made significantly more efficient, and they get displaced by cheaper factory-made alternatives
- Employment in woodworking grew at 31% annually, and in CBG by 3%. 80% of jobs in CBG came from new start-ups, but 55% of jobs in woodworking came from expansion of existing enterprises

Resource-related factors

- Forests tend to be in relatively isolated & undeveloped areas, which limits the potential for developing small enterprises activities to serve modern sector markets
- Homma's thesis is that increasing commercialisation will result in overexploitation of the resource, and displacement by substitute products or domestication
- In practice, high productivity small enterprise activities tend to be based on managed forests, plantation forests, or trees cultivated in predominantly agricultural landscapes

Implications for promotion of SFE activities

- Identify which of the different sets of factors that can shape small forest enterprise options apply in the particular area
- Low productivity activities may continue to be needed to reduce increasing rural inequality, but support to those that face declining market prospects can perpetuate poverty
- Development of more productive activities may require prior investment in infrastructure and services
- Within a product sub-sector a value chain approach can be an effective way of benefiting many enterprises

Policy related issues

- Governance of communal resources may have to accommodate conflicts of interest between subsistence and commercial users, and different types of commercial user, and over trade-offs between livelihood and conservation objectives

- Existing regulations that unnecessarily restrict SFE development may need to be modified or removed
- Application of formal sector regulatory requirements can discriminate against small enterprises

Presentation by Duncan Macqueen (IIED):

2.2 The role of forest associations in improving livelihoods and sustainability

Small and medium forest enterprises (SMFEs) are significant

Some rough extrapolations:

- 80-90% - percentage of forest enterprises that are SMFEs in developing countries
- > 50% - percentage of forest sector employment generated by SMFEs
- > 20 million people – formal employment by SMFEs (140 million informal)
- > US$130 billion/year - gross value added is produced by SMFEs worldwide
- There are many types of SMFE including: independent rural producers, partners to large industry, primary and secondary processors, service providers

Enterprise scale matters

- There are benefits to small scale enterprise – in meeting basic needs; building local knowledge; ensuring wealth accrues locally; empowering local creativity; strengthening local environmental accountability; and preserving cultural markets / identity…
- But there are many disadvantages too – a lack of economic and political power, market information, collateral and capital, technology, business expertise, and stability.
- Risks are highest in distress diversification where informality, insecure tenure, low investment, low profitability may reduce scope for social or environmental concern; and where lack of natural resource management leads to resource depletion

Enterprise type matters

- Lessons from commercialisation research show that markets and product type affect economic viability
- Lessons from fair trade research show that enterprise type affects social justice outcomes
- Enterprise types include: sole traders, partnerships, informal groups, associations, cooperatives, non-profits, corporations…each will have different prospects for social justice

Working together is useful

- Associations vary - from groups of individuals to large groups of enterprises that:
- Reduce transaction costs – e.g. the Sakhoule Association in South Africa negotiated better transport deals for 1400 small-growers
- Adapt to new opportunities – e.g. Indian Madha Pradesh Minor Forest Products Cooperative invested in drying, grading, powdering, packing and retailing medicinal plants
- Appear on policy radar screens – e.g. the Uganda Wood Farmers Association sued the Uganda Investment Authority over an industrial park that was imposed over traditional tree farmers land

Working together is tough

- There are problems associated with
- Dependency – e.g. the Yunnan Forest Products Industry Association does little more than hold an annual meeting
- Elite capture – e.g. the Associação de Trabalhadores Rurais de Gleba Boa Esperança has had four leaders all with different problems
- Poor procedures – e.g. the Saharanpur Wood Carving Association (SWCA-UP) was successful, but disputes among office bearers led to a damaging split

- Free-riders – e.g. many members of the Amerindian Handicraft Association failed to pay their 10% due to the association
- Greater scrutiny – the Upper Berbice Forest Producers Association has become more open to public attention

Internal tactics that help

- Proven accountable leaders – e.g. In Uganda many leaders subsidise association activities
- Evolving democratic rules – e.g. RECA in Brazil has male and female area coordinators, membership trials, clear decision making procedures etc.
- Representation – e.g. Forestry South Africa under-representing small growers interests
- Financial transparency – e.g. Kamuni Women's Handicraft and Sewing Development association success depends on meticulous financial records
- Clear focus – e.g. the Lok Vaniki Singh association formed to lobby for better timber processing and transport laws for private timber owners / farmers

External tactics that help

- Removing barriers – e.g. to land and resources, business registration, credit, policy fora.
- Linking, documenting and promoting – e.g. the North Rupununi District Development Board was heavily promoted by Iwokrama
- Making good information available – e.g. the Essential Oil Association of India produces 'Indian Perfumer' plus workshops and seminar series
- Financing – for example, the work of umbrella bodies (e.g. FPA - Guyana), trade fairs, training courses, information databases (FPMC).
- Consumer mechanisms – procurement policies, niche markets with price premiums…

Practical options 1 for consumers to back responsible forest associations

- Some schemes invest heavily in economic viability
- E.g. Fair trade dates from 1950s - Ten Thousand Villages in USA and Oxfam in UK based around craft – IFAT established 1989
- Fair trade product labels were developed – Coffee by Fair Trade Organisatie in Holland 1989 – FLO in 1997
- In practice, fair trade focuses on democratic types of producer organisation, pre-payment, fair prices, long trading partnerships, a package of assistance, information and labelling – but there is yet no product specific label for fair trade timber

Practical options 2 for consumers to back responsible forest associations

- Some schemes invest heavily in sustainability
- E.g. Forest certification dates from 1941 – but the main international scheme, FSC, only began in 1993, with PEFC in 1999 driven by industrial concerns
- Forest certification schemes were developed to include standards, certification, accreditation, labelling and tracing
- In practice, forest certification focuses on legality, tenure, indigenous rights, worker rights, benefits, environmental Impacts, management plan, monitoring, high conservation value forests
- >250 million hectares have been certified but little in developing countries - FSC (17%) PEFC (7%) – and only 19% in natural forests – and <1% in community forests – all of which is FSC

Opportunities to build on both?

- Consumer options have shared concerns - over the social benefits of forest trade, legality and indigenous people's rights
- There is a commitment by FSC to fair trade - (Policy 65 from Manaus, Brazil)
- There are examples of FSC fair trade - products traded by IFAT certified Fair Trade Organisations
- We need a concerted effort from buyers – both national and international / specific product lines

- We need evolving systems – forest certification towards producer support / premiums / accessibility – fair trade towards robust SFM criteria.

Presentation by Dawn Robinson (Proforest):

2.3 The role of consumer standards in enhancing the prospects for small and medium forest enterprises

Forestry and Certification Schemes

- Among forest certification schemes, FSC and PEFC have broadest global coverage
- Certification schemes have all been set up with both environmental and social audit standards.
- There has been a proliferation of schemes in the 1990s
- Eco-labelling environmental standards have also flourished e.g. ISO environmental standards (e.g. ISO 14000) leading to improvements in management processes
- There are also many national northern eco-labels
- Social Audit Standards (e.g. SAI) have helped to improve worker conditions
- See Macqueen, Dufey and Patel (2006)

Very Quick Overview

- Certification systems relevant to forest enterprises boomed in 1990s with both environmental and social objectives
- There was a strong interest in influencing unsustainable forestry practices, both North and South.
- Time has shown that these schemes can be disproportionately costly for some small, low intensity or community operations.
- Even when certified, enterprises often struggle to obtain market benefits.

A key difference in models

- Natural resource management schemes (e.g. FSC, MSC, RSPO) commonly use a model of the 'Producer Pays'
- Fair Trade product standards (e.g. FLO) seek to make the consumer and/or supply chain pay a price premium – i.e. they seek to avoid additional costs on small producers

Getting certified presents problems for small/community operations

- Costs:
- To make changes to meet the standard
- To pay for the costs of the certification process
- Appropriateness of standards is questionable in many cases
- Access to information and support is limited
- The certification model is culturally alien to many small producers

Where has it been achieved?

- Where there has been strong external support (e.g. from NGOs, donors)
- Where groups have formed to share costs – co-operatives, associations, out growers etc
- But there is still a need for economies of scale, a different business culture and greater access to information

What benefits have accrued to certified operations?

- Benefits such as access to subsidies, reduced regulation etc
- Efficiency improvements that have come through following certified management prescriptions
- Better market access
- Premiums in a few cases, but this is unusual (particularly at producer end)

General issues

- In natural resource certification some environmental and social benefits accrue on a global scale but are mainly paid for by producer
- Community forestry operators feel that the added social benefits their model provides are not rewarded.
- NTFP producers feel that the forest certification systems were designed with timber in mind.

What are the problems for obtaining financial benefits from certification?

- There is a lack of demand (and no price premium) from local markets
- Relationships with buyers of certified products are hard to establish (as they are likely to be international) and communication and understanding market/end consumer needs is difficult
- Volumes produced often do not match demand (economies of scale)
- Quality of product is often insufficient to win repeat business
- Commercial inexperience undermines relationships
- Inequality in trading relations often results
- Small producers are dependent on too few buyers and are therefore vulnerable
- Ongoing costs to meet standard and audits are too high

What responses to these problems have been seen to date?

- Subsidies have been widely paid (e.g. from NGOs, Governments, Supply Chain) both to cover certification costs and for management/organizational change
- Modifications have been made to certification requirements to reduce costs and to standards to make them more appropriate
- Many producers have formed joint sales and marketing organizations
- Local procurement has developed and special relationships have been developed with sympathetic overseas buyers

Priority actions

- Working on 'access to certification' has general support. Some advances made.
- But more work is needed on: NTFP certification, certifying community Forestry, user-friendly standards and information and communication
- There is current emphasis on support for: 'differentiation' in the market place – i.e. possible niche market for 'communities' / 'fair-trade' producers; more supportive trading relations; long-term commitment from buyers; prices which reflect social and environmental values; favourable purchasing conditions which recognise disadvantaged producers (e.g. Access to credit)

Presentation by Peter Dam (FORCERT):

2.4 Examples of sustainable and fair trade forestry in Papua New Guinea

Introduction to Papua New Guinea and its forest sector

- Part of Pacific Region. Eastern half of 2nd largest island in the world. Western half is Indonesian province of West Papua. PNG is independent country since 1974.
- 5.2 million people on 463,000 sq km (2x United Kingdom) and more than 80% of people live in rural areas and practice subsistence agricultural with some cash cropping.
- More than 800 different languages - all relatively small language groups. This gives you an idea on our cultural diversity Greater than 5% of worlds species on less than 1% of world's land mass is an Indication that PNG is also a bio-diversity hotspot
- More than 26.1 million ha forest; 11.7 potential production forest
- 70% total timber resources already allocated to operations

Papua New Guinea's forest industry

- Large scale logging; resource mining & illegal concession allocation processes
- Medium scale forest enterprises; poorly regulated operations
- Small scale operations; chainsaw mills & portable sawmills
- Estimated 3000-4000 small scale forest enterprises in PNG (60% community based)
- Local employment for 25,000-35,000 people (permanent)
- Estimated annual turn-over PGK 150-250 M. (EUR 38-63M)
- Many positive environmental, social & economic effects
- But also serious negative effects…

Positive effects of small scale forest enterprises

- Overall community development and land use planning
- Involvement and employment of youth
- Community services: permanent houses, school buildings, health clinics, churches
- Increased income in the village: school fees, hospital fees & medicines
- Increased knowledge, confidence and pride because of control of resource management and local business
- Improvement of gender relations within limits of strong local cultures

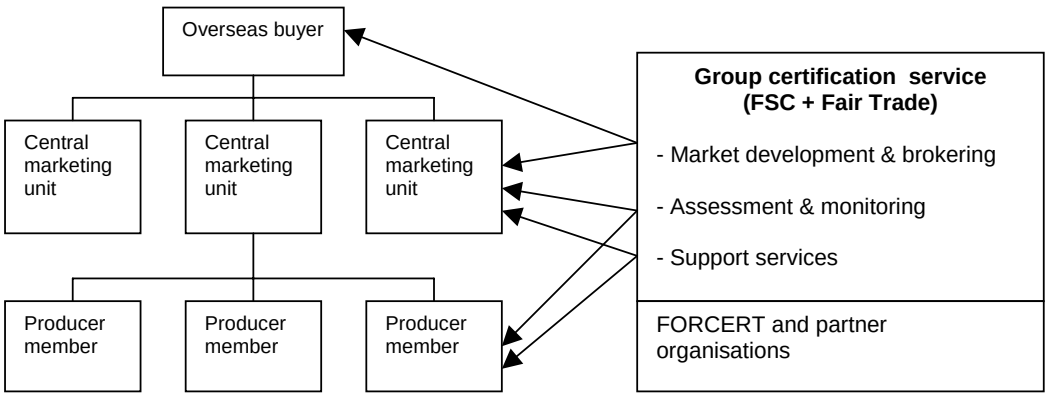
Negative effects of small scale forest enterprises

- Many involve unsustainable resource use
- Most are run as personal/family business
- There are conflicts with other obligations: gardening & cash crops, custom work
- Increased income is often "misused" (e.g. on beer)
- Money generation provokes/renews customary and personal conflicts
- Developments directed & driven by support organisation
- NGOs often spoon feed such enterprises resulting in a "deadly embrace" that obstructs true capacity building & independence

Challenges for Small Forest Enterprises

- Adapting Western style business to Melanesian society…
- Many Melanesian businesses see continuation of business as more important than maximising profit
- Many Melanesian businesses see employment and service provision as main goal
- Running a transparent operation is an important challenge
- Infrastructure: access to forest resource & market is problematic
- Finding good markets and meeting its requirements are key issues
- Obtaining starting capital is difficult
- Balancing environmental/social/economic sustainability
- The experience of Papua New Guinea's NGOs is that most SFE need some continuous higher level organised support to survive, including centralised marketing

FORCERT group certification service network structure



- How is the FORCERT group certification service network organised:
- To get a certain minimum level of consistent supply, we want to have a minimum of 10 SFE or Producer members selling to a small central timber yard or Central Marketing Unit.
- FORCERT then provides market development & brokering services to CMU's but we also work together with interested buyers especially on the marketing of Lesser Known Species.
- FORCERT as the Group Certificate holder is responsible for the assessment & monitoring of the performance of its members, to assure they meet & continue to meet FSC and Fair Trade requirements
- And together with its partner organisation & other service providers, FORCERT facilitates business support services.
- What is very important to realise is that these three components of the group certification service network are all organised & run as individual businesses. Each SFE is registered as a Business Group or Company, each CMU, and also FORCERT is a company.

The FORCERT company structure

- A critical issue for FORCERT is that it is set-up as a non-profit Company that it is heavily subsidised to establish its services.
- The FORCERT company activities are divided into two sections:
- (1) Group certification service
- (2) Awareness, training and capacity building
- The Group certification service is to become self-financing through income generation from Annual membership fees & 3% levy on timber sales. To reach our break-even point we need a minimum of 50 producer members, supplying 5 Central Marketing Unit members & a combined minimum export of 3,000m3 of sawn timber per year
- The Awareness, Training & Capacity Building section assists SFE to meet the group certification requirements and helps to build up the membership of the Group certification service network. This section will remained subsidised, but as the membership builds up will become smaller and it is our dream that in future FORCERT will have a surplus income, so we can finance these activities ourselves.
- The main services provided include:
- (1) Facilitation establishment & development community based enterprises
- (2) Service & production agreements between CMU – Producers
- (3) Market development & brokering for wide range of species
- (4) Back-up training & small business support services
- (5) Monitoring & review members performance

FORCERT and Fair Trade

- FORCERT believes in a fair and transparent independently certified forest product trade that:
- Recognises the important role of local landowners and ensures the different values of their forests are appreciated and maintained.
- There are three steps / phases of producer membership (i) Community Based Fair Trade (CBFT); (ii) pre-certified; (iii) FSC certified
- FSC certified Producer & Central Marketing Unit members become Company shareholders
- FORCERT brokers orders & prices with selected committed buyers
- Central Marketing Units pay minimum of 50% export price to Producers
- Export prices and Central Marketing Unit main costs are known to Producers
- SFE business plan linked to Community Development Plan
- SFE managers report to Board/Management Committee & community

Why Fair Trade certification?

- Helps to distinguish FSC certified products from SFE from similar FSC certified products coming from large companies
- Assists in entering and developing niche markets

Major achievements FORCERT

- We worked together with a wide range of stakeholders, including existing SFE, timber yards, NGO's, training institutions, government, to developing a group certification system that suits the PNG reality and is a simple and flexible as possible, while at the same time solid and rigid enough to meet FSC requirements.
- According to Woodmark this was the case and we obtained FSC FM+COC group certification in Feb 2005
- At present we have 6 FSC certified producer members with a total of 27,187 ha of forest and 5 precertified members and 5 community Based Fair Trade Producers.
- There are 4 FSC certified CMU's or timber yards
- FORCERT has a standing order from an FSC certified yard in Australia for 10 different species with a 20% price premium
- And a trial order from that same yard for a further 6 Lesser Known Species
- The production from our members still leaves a lot to be desired and came to a total of 360m3 of certified timber in 2005.
- From that only 120m3 was exported. Nevertheless, both total production & export grew with more than 100% compared with 2004, and considering all the constraints surrounding timber Group certification system with multi-stakeholder involvement & acceptance
- FSC FM+COC group certificate (Feb 2005)

Major challenges FORCERT

- Group certification service network development
- Increase timber quality & quantity
- Match available resource with market demand
- Achieving financial independence for group certification service
- Match demand services with capacity network
- Remain focused on fair trade and FSC certification for small forest enterprises in Papua New Guinea

Presentation by Severinus Jembe (Good Woods):

2.5 Examples of sustainable and fair trade forestry in Kenya

Good Wood's project aims

- To establish sustainable forest management practices which are environmentally friendly, socially acceptable and economically viable.
- To improve livelihoods of forest products dependent communities.

Problem statement

- Over exploitation of hardwoods and degradation of forests
- Declining raw materials for carvers
- Loss of Biodiversity

The situation for carvers

- Threats for 80,000 carvers with 500,000 dependants livelihoods due to lack of available raw material and market perception of unsustainability
- Industry consumes 1% of industrial wood 20m USD 1997 (17% of the wood industry income)
- A shift to certified sustainable tree production was identified as the way forward

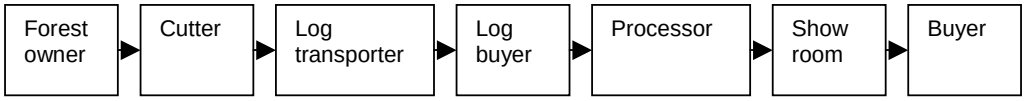
- But the future was always at risk unless a sustainable management plan for trees could be put in place
- Certification was identified as the best way to ensure sustainability

Good Woods Certification in a (pilot basis)

- The pilot scheme aimed to gain experience with an aim to scale up to other parts of the East African Coastal forests
- It also hoped to influence national policies to adopt certification
- In addition it aimed to build capacity of the main stakeholders and prompt them towards self-organisation

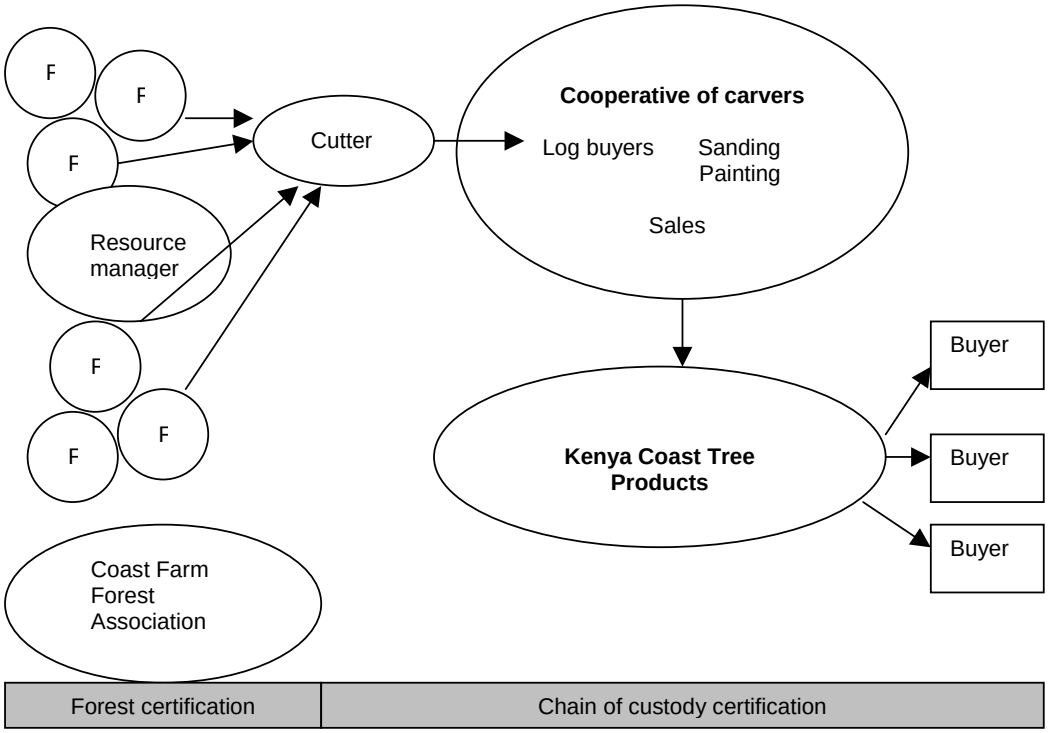
Chain of custody issues

- In order to benefit both producers and carvers it was necessary to develop a traceability process from source to end product user



Structure of the Good Wood pilot

- Producer farmers are grouped into the Coast Farm Forest Association with help from a resource manager
- Carvers are organised into a cooperative
- Carvings are sold through a dedicated company – Kenya Coast Tree Products



Achievements of the pilot

- There has been improved conservation of threatened indigenous tree species.
- Farm incomes have been increased through timber sales
- There has been substantial capacity building among farmers on how to run a business

- Increased markets for rural based forest products have emerged
- Quality products have been produced
- Sustainably managed farm forests are now spreading
- Good forestry management practices are better understood
- Clearly identified sustainably produced goods are available in the market – some are sold to Fair Trade Organisations

The benefits of certification

- Environmental requirements are high
- Social factors are given due consideration
- Economic factors are taken into account through the Coast Farm Forest Association

Remaining challenges

- High cost of certification (BUT voluntary!)
- Certification management practices still need to be main streamed in policies
- Lack of national or regional standards for certification
- Intensive capacity building required due to low certification knowledge.
- Limited government involvement in the planning and implementation of the pilot
- Lack of support by key players whose profit maximisation is threatened (e.g. some carvers who have to pay more for timber)
- Certification yet to change domestic consumption and management behaviour
- Lack of resource data – on which to build sustainability
- Complexities brought in by resource ownership, utilization rights and attitudes.

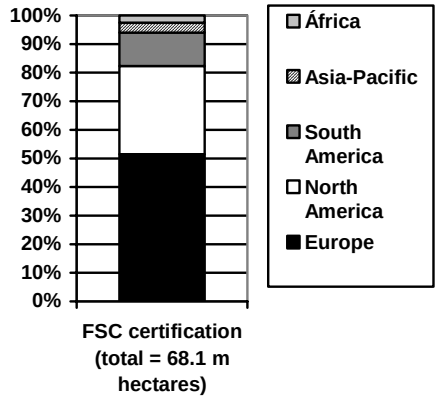
Presentation by Ana Yang (FSC-Brazil):

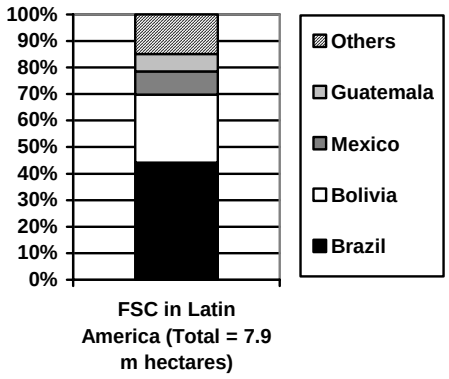
2.6 Examples of sustainable and fair trade forestry in Brazil

FSC's Brazil activities

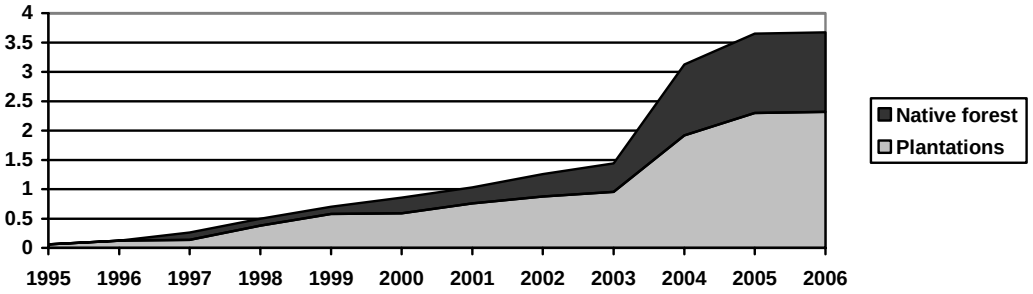
- The main activity of Consellho Brasileiro de Manejo Florestal is to promote FSC forest certification and the socio-environmental benefits of responsible forest management to different stakeholders
- On the technical side: (i) Coordinating the development of national and regional forest management standards and (ii) Coordinating public consultations about FSC policies with stakeholders and certified forest operations
- On the marketing side: (i) Coordinating initiatives that promote FSC certification to producers and consumers of forest products, and (ii) Acting as nominated agent for control of FSC trademarks; approving off product uses of the trademarks and issuing the registration codes that confirm authorized use
- Providing a central reference point for market intelligence about certified forests and forest products
- Resolving stakeholder conflicts in an FSC context

FSC certification overview





Certified area in Brazil



FSC Certified Small Forest Operations

- There are 10 FSC Small Forest Operations owned by communities located in the Amazon and 1 small forest operation privately owned in the South of Brazil
- Type of forest product: timber and non timber forest products
- Total area: 35,130 ha

Issues surrounding small forest enterprises

- They provide an economic alternative and opportunities for forest dependent populations
- The success of small community enterprise is crucial to the success of policies of large land occupation in the Amazon that comprises 5 million km2 (60% of the national territory) and 21 million people
- Types of activities include: timber and non timber forest products; tourism and other environmental services
- Types of community vary and include: indigenous communities; quilombolas, rubber tappers, land settlers and other migrants

Main challenges and questions surrounding small forest enterprises

- There are major issues to do with the social organization and capacity of the community production: the commercial demands for frequency and quality vs. a less rigorous community culture and dynamic
- Unresolved questions over how to value traditional knowledge (e.g. the use of biodiversity, bio piracy, and the exploitation of the community image)
- Big differences between timber and non timber forest products
- The appropriateness of various certification schemes
- The best role for intermediaries (NGOs, governments, private sector)

Case Study 1 Associação dos Seringueiros de Porto Dias

- Certified in 2002 by Smartwood/Imaflora
- Technical assistance provided by CTA (Centro dos Trabalhadores da Amazônia)
- Part of the GPFC (Group of Certified Community Forest Producers)
- Supported by “Amazoniar”, consortium of 5 NGOS (Kanindé,CTA, WWF Brasil, SOS Amazonia and FSC Brasil), funded by USAID
- Main type of product: Timber, copaiba oil and crafts
- Total area: 4,200 ha
- Type of organization: Government supported the creation of a cooperative (Cooperfloresta) that can integrate and negotiate commercial deals

- Group sales to a group of small scale buyers (designers)
- Attended Brasil Certificado- FSC Trade Fair in 2004 and 2006 (São Paulo)

Case study 2 Coop. Mista Extrativistas do Rio Iratapuru - Comaru

- Certified in 2004 by Smartwood/Imaflora
- One of the communities involved in a FSC project on High Conservation Value Forests and SLIMFs (small and low intensity managed forests), together with CIFOR, FSC Mexico, FSC Cameroon and FSC Brazil)
- Main type of product: Brazil nut, copaiba oil and resin
- Total area :13,250 ha
- Type of organization: Cooperative selling directly to a Cosmetic Company
- Initial investment from the company for infrastructure and certification cost
- Located in the Sustainable Development Reserve of Iratapuru and have support from the state government for the Brazil nut management plan

How has certification affected the communities?

- Visibility/profile – both positive and negative
- Market access – They have made use of the FSC Certified Forest Product Buyers Group, are integrated in the larger FSC marketing strategy and FSC certification has helped access to market and buyers (Cosmetic company and Designer)
- Price (indirect association with price) - For Comaru: no differentiation today on price between FSC certified and not certified oil. There will be price differentiation in the future - For Porto Dias: higher price for market in São Paulo, but not in local market
- Complexity **-** FSC certification requirement is difficult to comply with but has helped to organize the cooperative (Eudimar Vianna-Nego)
- Benefits *differ* from community to community

What constraints have the communities encountered?

- Social / internal organization - lack of leadership with entrepreneurial profile
- Economic - lack of information about market dynamics and reality, complexity in organizing the production (management, pricing, cost), difficulty in meeting market demand (frequency, scale and quality) and in one case dependency on one large buyer. Definition of a “fair” price, with effective cost of operation incorporated has proven difficult
- Environmental - lack of information for forest product management planning, complexity of certification demands

What might fair trade offer?

- Transparency in negotiation with companies
- Respect for community dynamics – social, cultural and economic (limitation to volume)
- A fair price that incorporate other values of the forest and traditional knowledge
- Managing expectations on both buyer and supplier sides
- Social fund from the forest management that will benefit other areas, infrastructure of the community
- The capacity to differentiate timber and non-timber forest product from small forest operations

What would FSC-Brazil prioritise to develop fairer trade?

- Information and capacity building – involving a realistic analysis of the capacity of communities and risk assessment
- Certification process changes such as a modular approach to certification, socio-participative certification led by GTA, simplified certification procedures, and better group certification
- Improved relationship with private sector buyers - increasing awareness of companies (buyers) about sourcing from small forest operations, taking into consideration operational capacity and scale of production
- Market Strategies that focus on local market, then gradually expand to national market and international market, take advantage of existing strategies to leverage

such as the national Brazilian FSC Trade Fair, and group producers for scale efficiencies and increased negotiation power

Food for thought from community case studies

- Is certification the best alternative?
- Are there other different options of certification schemes that might be more appropriate (FSC, organic, fair trade,…)?
- Does the certification/ labelling community need to get better organized before trying to spread access to the community?
- Do we need to adjust the rhetoric of NGOs to manage stakeholders expectations (need to be realistic)
- Should it not be our priority to work with the market to value more community products?

Presentation by Jaime Levy (Altropico Foundation)

2.7 Examples of sustainable and fair trade forestry in Ecuador

Introduction

- To date, there has been little activity around fair trade and sustainable forestry in Ecuador.
- Approximately 60% of the native forests in Ecuador and Colombia are located in indigenous territories.
- As time goes on and native forests are depleted by industry, indigenous lands are becoming more and more important for biodiversity and for the communities living there.

Incentives for sustainable forest management

- In Ecuador there are no government incentives for sustainable forest management
- Approximately 80-90% of the timber harvest is illegal.
- Forest laws are very good but are not actively implemented.
- Ecuador is the third largest producer of plywood in South America and at 3.8%-4.1% has the highest deforestation rate in the region also.
- Most plywood is used for export and 80% comes from native forests - 50% is from community owned forests.

Attempts to certify community forest operations

- Altropico has been working with a local community for a number of years, trying to help them get FSC certified.
- Although they have not yet succeeded in this, their efforts to be ‘in the process of certification’ have given them some political clout to deal with wood companies that are pressuring them to exploit their resources.
- This has been necessary even though these companies themselves are ‘in the process of FSC certification’.
- At present, the community fells 200 cubic metres per year (low impact exploitation).
- They currently control the whole market chain and system themselves. Depending on the species, they can reach US$80-250 per cubic metre. But because illegal timber is depressing prices and the community only harvests legal timber their prices are higher – which creates serious marketing problems.

The certification process and community forestry

- The community were evaluated for certification in 1992.
- This process left them with 19 points for action before certification could be approved.
- They spent US$20,000 of donated funds trying to resolve these issues but they have now run out of money to continue their efforts.
- Despite not having gained FSC approval it has proven very helpful for them to say that they are ‘in the process of certification’.

Questions over what is driving certification

- Many of the large plywood companies in Ecuador (most of which are in the process of FSC certification) are very questioned locally – they have enormous power and are able to facilitate corruption in a context where it is often easier to corrupt forestry officials than to do things legally.
- In summary, certification hasn't taken off in a big way in Ecuador yet and globally only 1% of FSC forests are community forests.
- There is much work to be done before forestry communities can take advantage of certification.
- Some national FSC members have even pulled out of the FSC council in protest at the ongoing certification of large corrupt businesses.

3. Plenary discussion

3.1 Reactions to the key constraints affecting SMFEs

Some participants felt that certification had received too much attention in this discussion. Issues that are more important include constraints such as security of tenure, and access to markets. Over-regulation is also a major problem for SMFEs – whose small scale makes compliance disproportionately costly. Certification is certainly not the whole answer to problems affecting the forest sector and SMFEs in particular. We need to consider when certification is an appropriate option for really advancing the interests of SMFEs. Where communities have overcome land tenure issues then perhaps looking at voluntary market mechanisms such as certification and fair trade makes sense.

Other participants felt that there had been too great a focus on sawmilling. Sawmilling is capital intensive and has economies of scale. It is not immediately obvious that SMFEs have much of an advantage here – especially in modern export markets.

Another important issue is that community forest resources are often appropriated for by the timber industry through the involvement of influential people. More attention needs to be given to monitoring company community partnerships in order to prevent depletion of community resources.

Access to capital, training and business management skills are also big constraints for many SMFEs. But there is also a real need to make progress in the north at the consumer end. There has been a strong attempt through Forest Law Enforcement, Governance and Trade to get very serious about illegality but there is still much to be done to ensure that SMFEs are not penalised by drives to crack down on illegality.

The five constraints to community forestry that were identified at the South African forest investment forum were restated:

1. Access to land (and collateral for finance)
2. Market access and the role of different labelling schemes. (More research on SME markets is necessary)
3. Access to capital
4. Lack of technical training and business management skills
5. Infrastructure and feeder roads

At that forum, many commercial banks said they would not invest in community forestry initiatives until a set of environmental standards has been drawn up that they could sign up to. The will of these banks should be used as a lever to create/further these standards.

3.2 Financing SMFEs

Long-term financial support is crucial for SMFEs. The sustainability of enterprise depends on the sustainability and reliability of financial partnerships – this is especially true for enterprises that are lacking financial confidence. Numerous financial services exist but often they are not available to SMFEs because of the risk factor for financial communities. So some other form of long-term subsidy is necessary – there have been some examples of this. Some products

take up to ten years investment and capital to get going. Many existing businesses are still pilots with specific characteristics – and we cannot yet say that any one model is to be preferred.

In the end, it may not be appropriate to expect costs to be subsidised (by donors/governments/WWF or others). But this is still a big challenge, ideally enterprises and certification schemes should be self-financing but more mechanisms are still necessary to achieve this.

The question was raised as to how appropriate microfinance really is for SMFEs given its mixed performance record. In response, it was suggested that microfinance can be one of the most valuable inputs to enterprises that have a potential to grow – but that it can be counterproductive if it is made available to 'dead-end' SMFEs that should really be pulling out of whatever activity they are engaged in.

3.3 Sustainable market chain linkages

Many buyers are now starting to look towards sustainability – but it is crucial that they really think through the relationships they develop with producer/s and the possible implications of pulling out. Where companies decide to discontinue certain community products in favour of launching new ones this can have disastrous impacts on small producers who are 100% dependent on the sale of a particular product/component. Dependence on one major buyer is worrying in terms of pricing – and communities and companies both realise this. If just one community experience goes wrong, all community dealings may be perceived as high risk.

A diversity of buyers (national and international) is therefore advisable. We need to open dialogue around this and raise these issues. We also need to ensure that producers understand the implications of long-term demand and have explored their capacity to meet such commitments.

3.4 Tackling legality

Illegal logging is a huge problem for insurers because it implies theft. Bar coding is widely discussed for timber tracking. We should consider what systems work in situations where there is poor forest governance.

Brazil is going through an interesting transitional phase. The forest concession law has just been approved for national production forests (FLONAs), which includes provision on independent auditing. Parallel to this is a decentralisation programme that has been approved by the forest management plan. The big question is how the plan can be implemented. In theory, everything seems achievable and applicable but a grounded approach is necessary. Forests cover a very large area in Brazil and the government therefore has a large responsibility. What is implemented in Brazil will not necessarily work in other countries. The Brazilian model has been developed with much involvement by NGOs to gain their buy in – but this has led to the expectation that NGOs will also help implement it. The lack of an effective government framework is leading to over dependency on NGOs to carry out government roles.

In Ecuador, the Ministry of Environment called wood companies to the table to improve legality. But since many companies will not even put their company name on forest equipment that is left in the forest, there are no great hopes for cooperation in any efforts for monitoring and auditing!

In Papua New Guinea, there is a big discussion between the government and NGOs. The government claims that everything is legal and that tracking works. But NGOs responded by saying that permits had not been obtained legally. Due to pressure from the international community, the government has now reluctantly started acknowledging that illegal logging is a problem. It is hoped that the EU-FLEG processes can be used to put more pressure on countries such as Papua New Guinea to comply with legal standards. If Papua New Guinea

can meet World Bank criteria on legality and sustainability, there is currently a loan on the table for them.

In all cases, significant improvements will require a combination of external pressure, processes such as FLEG and some success stories.

3.5 Certification and labelling

Certification was originally designed for large-scale forestry operations. It should not be considered the only answer to issues of sustainability and poverty reduction but it can be one possible option. Although labels for organic, fair trade and certified products represent complementary schemes, they are sometimes presented to communities in a competitive way. It was noted that FSC should not and does not wish to present itself as competing with other labelling schemes.

Communities need to see some coherence and joint working between certifying bodies before they are approached. NGOs also need to adjust their rhetoric to manage stakeholder expectations about what such labelling schemes bring.

Certification is the only reliable stamp that can currently show the market place that timber has been legally sourced. FLEGT is currently developing a licence for legal timber. The challenge is getting products from smaller enterprises into the market within the parameters of such schemes. If FSC certification is too costly, fair trade may be an option to cover some of these costs.

By its nature, FSC stacks the playing field even further in favour of large industries. Unless small businesses find ways of competing, they will never grow and increase income. The trick is to make SMFEs competitive against the odds – often searching for niche markets. An uncompetitive product cannot be made competitive just by sticking a label on it.

There are good examples where certification presents a clear benefit for local communities. In Papua New Guinea, one community valued FSC certification so that they themselves could resist the temptation of logging above the allowable annual cut to meet the offer unscrupulous buyers. In Kenya, the market has accepted the 10% premium for some certified forest products. Farmers now realise the true value of trees and are keen to get their prices right. In Papua New Guinea also there are examples of price premiums, and in addition certification has changed the behaviour of producers forcing them to be efficient.

FSC certification is not necessarily the right solution for all producers. The decision to certify requires a risk assessment. But certification does tend to highlight social issues – especially where large companies are operating adjacent to local communities. FSC can lead to greater transparency and bring companies into dialogue with communities. But there are many different experiences on the ground and it is not easy to resolve difficult problems that existed pre-FSC.

There is a strong message that FSC standards need to be consistent across all countries. If we do not maintain global equivalence, the system will be undermined. FSC's current focus is on timber but there is also pressure to widen certification to NTFPs.

Some small producers, e.g. beekeepers in Uganda also see fair trade as a problem because they are unable to meet its strict standards. If a product is not labelled as fair, it may be categorised with everything else as 'unfair', which may not actually be the case. There are some big challenges in marketing products such as honey in light of this.

3.6 Public procurement policies

Public procurement policies could be the single most influencing factor – shaping major timber users such as the construction industry. The US and Europe are currently buying up wood from China – some of which is illegal and has been laundered from Papua New Guinea. Pressure from Greenpeace is helping the campaign for legal timber.

The UK government has created a sustainable procurement task force and is producing a code for sustainable homes. Builders will get credits and thus win further contracts if their materials are sourced sustainably. The problem is that the code is weighted in favour of saving water and climate change mitigation so a house could be built with non-certified or even illegal wood and still score five stars.

The Thames Gateway project is following the code for sustainable homes. Other public initiatives include a sustainable procurement strategy for the Olympics. All efforts need focusing on enforcing these standards. Implementation of the sustainable homes code keeps getting pushed back – it was originally intended for April 2006 and then October but it is still not in place.

The Environment Agency in Wales buys a lot of wood for use in coastal defences. The agency is currently trialling a procurement policy to buy only certified wood. This is putting huge pressure on suppliers and the construction industry, as some species will never be certified. A big problem is that the UK government cannot deal with small suppliers. But they are trying to visit suppliers and look at the chain of custody. This shows good intentions and could be built upon. There has been huge external support to the government to help them source this wood.

3.7 Priorities for action identified by presenters

Issues around security of tenure – and whatever it takes to provide that security – should be a priority. Certification can assist communities in obtaining security of access to resource.

In Ecuador, NGOs have done much to help communities get land titles so that they can exploit the forest through them. The priority should be subsidising communities to develop their own capacities so that they are not solely reliant on others.

Finding a mechanism to distinguish responsible community-based SMFEs products in the markets is a critical issue. Unless you can distinguish such products, you cannot hope to market the social, environmental and cultural benefits that might come from such products.

Capacity building so that communities can run their own systems is key. There is a limitation to what NGOs can do and how much help they can provide. We need to provide communities with as much information as possible so that they can make independent decisions. FSC has become something of a resource centre in Brazil but it is not able to advise communities on every option. Funding of information activities is essential. We need to help community groups access information and deliver the right products for the market – not products that will attract low volume purchases out of sympathy, but good quality products. Illiterate communities need appropriate material and easy access to it. SMFEs need to meet market demands and we need to help them expand and develop where appropriate. Internal organisation, efficiency and access to finance are also crucial.

We need to consider what the UK/EU can do to include small producers. It could be worth exploring a forced procurement of X% of timber from SMFEs. Domestic markets should also be examined. Social benefits and procurement codes should not be limited to the north but extended to urban centres and major timber buyers in the south also.

3.8 Priorities for action identified in plenary

It could be useful to look beyond timber and certification to NTFPs such as rattan, fruit and nuts also. Wild animals play an essential role in maintaining sustainable forests. We need to focus on maintaining habitats and enforcing restraint to stay within the limits of biological productivity. Rather than imposing western business growth models on Melanesian society – why do we not impose Melanesian concerns for stable employment and cultural integrity on western businesses?

It would be useful to develop more refined models through which sustainable SMFEs could benefit from the clean development mechanism.

NTFPs are part of livelihood strategies but even by focusing on them we are still asking people to put all their eggs in one basket. It would be better to adopt an approach that takes a diverse look at products.

We need to really consider how local communities can use their forests to generate a cash income – otherwise nobody in the communities will listen. If the forest is not useful for cash generation the land use is likely to change.

Additional taxes on non-certified products have as yet proven unsuccessful in the Netherlands. But it may be worth exploring how non-certified companies could offset the extra cost of production for certified companies. This is an area currently being explored by ICCO.

There are very few studies on whether sustainable forest management is economically viable. We need to see evidence of this. We keep returning to FSC and certification because this is the only method that people currently trust to prove sustainability – but is sustainability in natural forests ultimately possible in conventional business terms?. The discussion always returns to the question of social engineering vs. commercial enterprise.

We need to keep thinking of certification as one tool among many. The emphasis must continue to be as much about poverty alleviation as sustainable natural resource management. People are now looking to offset the costs of sustainable natural resource management. But ecosystems market places and carbon trading have not worked for the benefit of local communities.

Communities are not a homogenous entity. We should not assume otherwise and should build on institutional mechanisms within communities to counter problems such as elite capture.

Rural communities have diverse livelihoods and better dialogue is needed between SMFEs and agriculture. There is much to be learned from the agricultural sector where smallholders have traditionally been excluded due to risk and cost factors.

It would also be worthwhile considering what lessons there are here for the Round Table on Sustainable Palm Oil in terms of assisting or not worsening the situation for smallholders.

4. List of participants for meetings at the Royal Botanic Gardens, Kew for both 26th and 27th September 2006

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