Implications of findings for SUSTAME

Annex to report: Community forest enterprise success factors

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Content

1 Introduction

This Annex is an elaboration of the main report 'Community forest enterprise success factors - *A literature review'*. It reflects on the findings of this report in the context of the SUSTAME (SUStainable Timber in SurinAME) project. The SUSTAME project was designed by the Inter-American Development Bank (IADB) lab and its partners. The SUSTAME project aims to catalyze a market-based approach to sustainable timber extraction and processing in Suriname, that will generate the economic gains of transitioning from extraction and export of raw timber to sustainable harvesting and wood processing for higher value markets with the broad participation of stakeholders, including Indigenous and Maroon communities.

1.1 Background – Cities4forests

The current work builds on the efforts of Stichting Probos and Environmental Services and Support (ESS), and other partners under the Cities4Forests (C4F) project (2022-2024). During the C4F project implementation, community forest management activities have been developed with the Surinamese community Bigi Poika in the Para district. The C4F project partners have facilitated this process by providing training and expertise on Sustainable Forest Management (SFM), forest inventory, harvesting, and certification. So far, these activities have not yet been formalized in a Community Forest Enterprise (CFE) by Bigi Poika.

As part of the C4F project, the municipality of Amsterdam (NL) offers a market for timber from the community. The timber will be used to make public outdoor benches for the city. The benches will be equipped with a QR code that links to the story of the origin of the wood from Bigi Poika. The installation of these first benches made from the so-called 'conservation timber' from Bigi Poika is expected by mid-2025. Conservation timber is timber sourced from forests that are sustainably managed by forest communities, supporting the long-term preservation of these forests. Lastly, during C4F a trajectory was started to certify Bigi Poika under the FSC Continuous Improvement Procedure (CIP), a step-wise approach to certification tailored to small forest owners and communities.

1.2 SUSTAME

Stichting Probos (https://www.probos.nl/en/) is responsible for the execution of component III under the umbrella of the SUSTAME project; "Support Livelihood Benefits for Indigenous and Maroon communities". Probos collaborates intensively with its partner ESS in Suriname during the project implementation. Together with other partners, including Conservation International Suriname, their joint efforts aim to implement sustainable forestry systems and practices in Suriname, with a focus on Indigenous and Maroon communities, by implementing a market-based approach to develop and formalize community forest operations. This continued collaboration builds on the work done as part of the C4F project.

The following actions are part of the current SUSTAME project of Probos, ESS, and partners; (1) facilitating the establishment of Community Forest Enterprises (CFEs) by Surinamese forest communities, starting with Bigi Poika; (2) training and facilitating the certification of community forest operations in Suriname, starting with Bigi Poika; (3) capacity building and training on forest management activities with Surinamese forest communities, (4) increasing local value-addition by training and production with mobile sawmill, and (5) providing access to the European market by marketing the conservation timber harvested by these forest communities to European cities and potentially other buyers. The project plan spans over three years, for which currently the first year's project activities are being executed (June 2024 – June 2025). The suggestions in the chapters below focus on the full span of the SUSTAME project plan, and after, including long-term implications. Furthermore, this SUSTAME project team aims to find synergies with other partners and initiatives working on the same topics, including the Sustainable Forest Livelihoods program of WWF.

1.3 Community forestry in Suriname

Since the enactment of the National Forest Management Law of Suriname in September 1992, local communities can apply for community forest concessions, giving them the right to practice small-scale agriculture, collect non-timber forest products, and harvest timber, both for subsistence and commercial purposes. In 2022 there were 162 communal cutting licenses awarded to Indigenous and Maroon communities inhabiting Suriname's forested areas that allow for timber production, covering a total of 826,000 hectares (SBB; 2022).

The community forest model is strongly focused on timber extraction, but the livelihood benefits of community forests for the communities themselves have been limited, as most revenues are captured by larger (foreign) logging companies. These companies pay communities a fee per cubic meter extracted from the forest for which the communities hold user rights, but information and power asymmetries, as well as the lack of transparency in these transactions, are disputable, and the communities holding concessions have limited negotiation power. According to a 2020 study by Tropenbos Suriname "village leaders have a weak negotiation position when dealing with third parties, being either large (and international) logging companies or public servants who act as brokers for these companies. Traditional village authorities tend to lack detailed knowledge about the value of their resources and experience in commercial negotiations." The same study identified several barriers to the positive conservation and livelihood outcomes of community forests, including a lack of capacity within communities to monitor how logging companies execute the agreement. In addition, communities have limited investment capital, and insufficient knowledge or skills to engage in commercial logging practices themselves. This hinders the development of sustainable community forestry operations in Suriname.

Community forest operations have the potential to provide sustainable livelihood opportunities for the local population, particularly for Indigenous and Maroon communities that hold community forest concessions. The establishment of local CFEs could facilitate their development. Currently, community forest operations in Suriname are rarely formalized in community forest enterprises (CFEs). Without a legal entity, it is seldom possible to access the international (premium) market

for sustainable timber and thus create an income stream to further develop the community forest operations.

At the same time, Suriname has a forest cover of 93% and deforestation rates far below the global average and is therefore recognized as a high forest cover, low deforestation country (HFLD). However, pressures from mining, agriculture, and illegal logging are threatening the primary (community) forests of Suriname. With the stimulation of sustainable forest operations for Surinamese community forests in the SUSTAME project, Probos – together with its local partners - aims to support the preservation of these community forests and all the ecosystem services they provide in the long term and facilitate sustainable economic development for forest communities.

Thus, both for the sake of long-term forest conservation and sustainable development, it is important to support communities with the ambition to develop their own sustainable community forest operations in their community forest. SUSTAME aims to provide this support, potentially resulting in the establishment of CFEs in the Para district.

2 Implications of findings for SUSTAME

In the main report 'Community forest enterprise success factors - *A literature review',* 25 success factors for CFEs have been identified and described based on a literature review of meta-analyses and case studies of CFEs. In this Annex, these success factors are interpreted for the SUSTAME project. With a large number of CFEs operating globally, it is key that the SUSTAME project takes into account the learnings from scholars and practitioners who have researched the topic and/or have been working with CFEs for many years. These interpretations can be used by the project partners of SUSTAME, Surinamese forest communities, and other organizations and individuals who aim to support Surinamese community forest operations in their sustainable and economic development.

2.1 Production

2.1.1 Technical skills (1)

Technical skill development has been an important part of the C4F project with the community members of Bigi Poika, and will be further built on during SUSTAME. During C4F, forest inventory training was conducted, Reduced-Impact Logging (RIL) practices were discussed, and training in sustainable forest management certification principles were conducted. Various community members of the forest team of Big Poika have affinity with forest management from prior work experience. This has been beneficial for the dissemination of technical skills among the forest team of Bigi Poika, leading to the development of local forestry operations in the village, facilitated by the C4F project team. During SUSTAME, the project team aims to further facilitate the development of technical skills in Bigi Poika and to replicate this approach with other forest communities in the Para district. When identifying and selecting additional communities, community members with previous experience in forestry operations, and who possess knowledge and skills related to sustainable forestry operations such as RIL, should be actively sought out and

involved in technical training provided by the project. These members can disseminate their knowledge and experience to other community members. Physical materials should be developed to facilitate the transfer of knowledge and skills from the project team to the individual community members. The project team should aim to embed the technical knowledge and skills in the CFE for the long term by involving multiple community members in the knowledge transfer activities. Specifically, the planned mobile sawmill training should target community members with the ambition to develop their technical skills and participate in the CFE operations.

2.1.2 Capital investment (2)

A precondition for capital investments in a newly established CFE is the founding of a CFE with an appropriate legal form, that is able to manage and control capital, equipment, and machinery. As part of the SUSTAME project, a study on the legal and administrative requirements for CFE establishment in Suriname will be conducted. It is recommended that access to capital is taken into account when selecting the appropriate legal form for the CFE. The project team should ensure that the CFE(s) established shall have sufficient exposure to the (international) forestry sector, NGOs, and governmental agencies, that could provide capital investments by these and other parties. These key stakeholders will be invited to interact with community members during SUSTAME. In the first year of SUSTAME, modest capital investments are made by the project in the form of Personal Protection Equipment (PPE). In the next phase of SUSTAME, the project may supply additional capital investments in the form of a (permanent) mobile sawmill, depending on the 'capital readiness' of the participating communities.

2.1.3 Processing capacity (3)

Local processing has the potential to significantly increase the value-adding options by the community, thereby improving potential revenue and margins for the community. Improving local processing capabilities is one of the priorities of the SUSTAME project. Processing capacity includes the initial step of harvesting trees, which has already been done by the community of Bigi Poika during the C4F project. This significantly increases the revenue and labor potential for the community as opposed to allowing an external contractor to harvest trees for an X amount of money. Big Poika wants to further expand its local processing capacity. Therefore, SUSTAME will provide mobile sawmill training for interested community members, during which community members will be trained to process logs into sawn timber for the high-value export market. As volumes are still modest, it is economically not feasible to invest in a permanent mobile sawmill, a skidder or a truck for one forest community. When multiple communities in the Para district will have developed forestry operations, the options for joint investments in a permanent higher processing capacity may become interesting. It is recommended that collaborative forms are therefore explored during the SUSTAME project. Local (social) context and potential barriers to collaboration however always need to be taken into account.

2.1.4 Stable production (4)

A stable production of timber can provide a steady revenue stream for Surinamese forest communities and maintain a strong relationship with the (international) buyers of conservation

timber – in the case of Bigi Poika the buyer is the city of Amsterdam. However, timber volumes at the community level are still limited due to low harvesting and processing capacity and are unstable because of a fluctuation in both supply and demand. Therefore, during SUSTAME, the project team will explore options for a more stable supply and demand of Surinamese conservation timber. Again, the potential for multiple communities to collaborate here could result in a more continuously stable supply for Amsterdam and other potential buyers. It is therefore recommended that a collaborative model is eventually explored for forest communities in the Para district.

2.1.5 Diversification (5)

Diversification of revenue streams for Surinamese forest communities is a key aspect of this SUSTAME project. An exploratory study will be conducted on the potential of Payment for Ecosystem Services (PES) methods for Surinamese forest communities to provide an additional income stream.

In addition, the market for Lesser-Known Timber Species (LKTS) will actively be explored, in order to diversify future income streams and optimize the use of forest resources to prevent changes in the forest structure. The findings from the main report also suggest that existing LKTS research should be actively consulted in the project. Previous studies on Surinamese LKTS were conducted in phases by Probos. During the first phase, 10 high-potential LKTS from Suriname for the European market were selected and described, while in the second and third phase technical properties of six LKTS were tested and an LKTS best practice guide was developed. These studies should be consulted as part of developing the diversification strategy of CFEs (and other concessions) in Suriname. An important learning that came forward from the experiences in the Maya Biosphere Reserve, where LKTS were marketed through the CFE cooperative Carmelita, is that the development of a value chain for LKTS should follow only after establishing reliable value chains for the more commercial species. In community forests in Para district these species may include for example Wana (*Sextonia rubra*), Purperhart (*Peltogyne spp.*), and Kopi (*Goupia glabra*)). These species have the potential to provide a solid revenue stream, whereafter these revenues can be used to develop a value chain for lesser-known species for resilience and diversification in the longer term. It is therefore recommended that Surinamese CFEs initially focus on the harvesting of these commercial species, and include LKTS when a reliable market outlet has been identified.

2.1.6 Marketing (6)

FORESCOM, the forest cooperative from Guatemala (see main report), can serve as an example for Surinamese community forest operations when it comes to marketing. FORESCOM coordinates the marketing efforts of multiple community forest operations simultaneously in a collaborative model. This could eventually be a model for Surinamese forest communities too, jointly marketing Surinamese conservation timber for the export market. Initially, Probos and ESS should however continue to provide this marketing component for the communities under SUSTAME by developing, in collaboration with the communities, promotional materials and disseminating the story of conservation timber from Suriname to potential buyers in The Netherlands and Europe as a whole. The project team should also continue to provide market insights from the European market for conservation timber to forest communities, with a focus on specific applications, products, and timber species, including LKTS. These may guide the product development efforts

of the forest communities. These activities should be embedded in national and regional initiatives after SUSTAME.

2.1.7 Long-term business relationships (7)

Building strong, long-term trade relationships for CFEs from Suriname is a core part of the SUSTAME project. Now that the first shipment of conservation timber from Bigi Poika is on its way to Amsterdam, this newly established value chain and its trade relationships will be further consolidated during SUSTAME. Establishing trust and reciprocity will be key in that process - the project can build on the success realized through the C4F project. The story of Bigi Poika will be told in Amsterdam, through QR codes on the conservation timber benches that will be placed throughout the city, further strengthening the ties between the city and community. A second shipment from Bigi Poika to Amsterdam is foreseen during the course of the SUSTAME project. A formalized, symbolic agreement such as a Memorandum of Understanding (MoU) between parties could eventually consolidate this trade relationship.

2.1.8 Advance payment, premium price (8)

Cultural differences between Surinamese communities and European buyers may hinder effective trade between parties. Making advance payments to finance the next production cycle to a supplier of conservation timber is an unusual approach for European buyers, but is common practice for Surinamese forest communities working with local buyers and NGOs. With the implementation of the SUSTAME project, the project team will explore ways to bridge these differences between parties and build a value chain that should become self-sustaining. Furthermore, Probos aims to further create a market for premium-priced conservation timber.

2.2 Physical

2.2.1 Accessibility of CFE location (9)

The Para district, which is the focus area of the SUSTAME project, is relatively close to the capital city Paramaribo and the trade infrastructure is therefore more accessible for these communities than for communities in the far interior of the country. This keeps the logistical costs and efforts relatively low and increases the likelihood for communities to enter the international timber market. Furthermore, the fact that the participating communities live in this district also lowers the geographical barriers for relationship-building between these communities in a potential cooperative and can be beneficial for resource pooling, such as truck transport to Paramaribo.

2.3 Management

2.3.1 Strong management (10)

During the implementation of the SUSTAME project, the project team shall pay attention to promoting and facilitating strong management practices at the community level. Entrepreneurial activity will be fostered, and long-term partnerships with important value chain partners and other communities will be facilitated where possible. Bigi Poika has a forest team in place that is responsible for the management of the forest operations. After the formalization of the CFE, these team members are likely to play an important role in the CFE, with the possible addition of other community members to increase CFE capacity. With these actions, the project team expects to build a basis for strong management with the participating forest communities in Para. In the next phase of SUSTAME and beyond, the focus on strong management of the CFE should become more of a priority.

2.3.2 Validate business case (11)

Ensuring a strong business case is a key part of developing CFE activities in Suriname with SUSTAME. During C4F, the costs and revenue streams of the production and sales of round wood by Bigi Poika were described. This was a profitable activity for Bigi Poika, however, part of the costs was financed by the C4F project. During SUSTAME, the aim is to support and facilitate a working business case for CFEs in Suriname that will be able to function with minimal financial support from projects or donors in the medium and long term. All production costs should be taken into account when assessing the business case, including capital costs, administrative costs, certification costs, service providers (such as skidding and transport by truck), and salaries. Furthermore, a comparison should be made between setting up individual CFEs or a cooperative in terms of the business case. For this, Suriname can learn from the CFE set-up in the Selva Maya, where individual CFEs collaborate on specific issues such as marketing and LKTS through one umbrella organization (FORESCOM). In Suriname, a similar collaboration could potentially benefit the business case for forest management and certification due to economies of scale. Business planning and marketing efforts may be joined, and utilization of processing facilities such as equipment and machinery can be utilized better when shared between CFEs. During SUSTAME, the project team should actively explore under what organization such an umbrella organization could exists. This will also be explored as part of the legal and administrative study.

2.3.3 Funding (12)

The SUSTAME project does not provide direct funding to Surinamese community forest operations. However, the project team aims to increase access to funding for CFEs by supporting the establishment of a CFE with a suitable legal entity that will be able to engage in direct relationships with potential funders. Furthermore, the project will provide access to a wide network of (funding) partners. This should increase the visibility of these CFEs for private, government, or NGO funding.

2.3.4 Financial planning and monitoring (13)

Surinamese forest communities have existing local systems and procedures for financial planning and monitoring. The establishment of a CFE is likely to bring about new requirements and processes for financial planning and monitoring. These could include multi-year financial planning, keeping updated financial records, making income statements, internal auditing, and other financial responsibilities that come with running a CFE. Therefore, the project team shall support the forest communities with setting up financial planning and monitoring activities for the CFE operating staff. These activities however are not foreseen under the current phase of SUSTAME, as CFEs are still to be established. They could be part of the next phase of the SUSTAME project or beyond.

2.3.5 Local leadership (14)

In SUSTAME, local leadership should be the driver of project activities. For the communities that will participate in SUSTAME, the project team should identify the competent, entrepreneurial, and social leaders in the communities, and seek them out to participate and lead in project activities. These individuals will be key for establishing and developing local CFE organizations. These leaders can be the Tradional leaders, such as the Captain or the Basja's of the village, but can also be informal leaders, for example, because of their expertise in forestry, social status, or entrepreneurial mindset.

2.3.6 Appropriate involvement of supporting organizations (15)

The clear goal of the project team, as supporting, external organizations, is to support and facilitate local CFE development. This means that the project team does not take on any managerial or operational responsibilities for the CFE, but only facilitates CFE development and activities by the actions described in the introduction of this Annex. The focus of the project is on the transfer of knowledge and skills to community members and to embed these in the communities for further CFE development. In addition, the project aims to support the realization of a self-sustaining value chain for conservation timber from Bigi Poika to Amsterdam. The project team shall continuously be aware of this facilitating and supportive role - which will make an eventual exit of the project team easier.

2.3.7 Sustainable forest management (16)

Sustainable forest management practices have been fostered by providing training in conducting forest inventories and forest certification in Bigi Poika, and will be further implemented during SUSTAME with Bigi Poika and other communities. SFM is an important pillar in the SUSTAME project. First of all, all forest operations should be in line with the standards and requirements for forest management of the National Foundation for Forest Management and Forest Supervision (SBB) in Suriname. In addition, under C4F a trajectory was started with Bigi Poika to get certified under FSC CIP (see chapter "Regulatory environment"). Communities participating in the next phase of SUSTAME, will also be supported in making sustainable forest management plans for

their community forests and getting certified through the FSC CIP for community forests. Technical knowledge on species regrowth and performance should be part of the forest management plans.

2.4 Social

2.4.1 Social cohesion (17)

In SUSTAME, the geographical focus will be on communities in the Para district. The social structure of the community will be one of the criteria when selecting communities to join the project – a well-functioning social structure is the best ground for effectively establishing and running a CFE. This entails a certain level of social cohesion and member commitment to jointly develop a successful CFE. As discussed under previous headings, the willingness to collaborate with other communities could prove beneficial for CFE success, as multiple advantages are associated with scale.

2.4.2 CFE member support and involvement (18)

Linked to the previous success factor, individual community members should be stimulated to get actively involved in the establishment and running of the CFE for their community. By integrating sufficient community members in the process, a sense of ownership and responsibility can create a community-wide commitment to CFE success. Existing local forest operations can be a sign of member motivation and potential involvement in CFE development. In SUSTAME, community member motivation and involvement shall be a criterion when inviting new communities to join the project. The assigning of roles and responsibilities by the community leadership to its members can enhance this process.

2.4.3 Strong forest-community link (19)

The relationship between a community and its forest shall be taken into account when identifying additional communities in SUSTAME. Communities may exploit the resources in their forest in various ways. Existing forest-community relationships based on the preservation of the forest in the long term can be an indicator of the potential for SFM to be an integral part of a CFE in the respective community.

2.5 Regulatory environment

2.5.1 Enabling institutional environment (20), Good laws & policies (21), and Enabling CFE legal form (22)

As part of SUSTAME, a legal and administrative study will be conducted by ESS specifically targeting the three success factors (20, 21, 22). The study shall provide more insights into the laws and policies surrounding CFEs in Suriname, the (enabling) institutional environment, and the CFE (legal) forms possible.

2.5.2 Land use rights (23)

In Suriname, forest communities need to formally apply for a state-issued community forest concession to utilize their forest resources. The communities can then get assigned the right to utilize their forest resources including timber and other forest products for 10 years. After that, the community needs to apply for a renewal, which needs to be approved again by the government. This brings an element of uncertainty to the CFE, and decreases the long-term investment potential of the CFE. Long-term plans are uncertain when the concession rights need to be renewed. The development of sustainable forest operations in these community forests and the establishment of local CFEs can potentially increase the likelihood of these forest communities getting their concessions renewed. Local, sustainable economic activities can be perceived by the government as a positive development and therefore supported.

2.5.3 Local rule enforcement & governance (24)

The SUSTAME project does not aim to change or influence local rule enforcement and governance. However, for communities that will participate in SUSTAME, the presence of a strong local governance model can be beneficial for effective CFE operation and management, including the development of the forest management plan, assigning tasks and responsibilities among community members, managing financial matters, and managing the production cycles. Government entities and representatives such as SBB can support by efficiently handling forest management requests of community representatives, including controlling the harvesting plan, assigning transport labels, and processing the retribution.

2.5.4 Certification of SFM and CoC (25)

Sustainable forest management certification is an important part of the SUSTAME project. The project team has started working on the principles and criteria for FSC certification with Bigi Poika. This work is happening under the FSC Continuous Improvement Program (CIP), which makes certification more accessible to small forest management units and communities by introducing a step-wise approach to certification. Still, there is a way to go before Bigi Poika is certification-ready. The first assessment during the C4F project showed that more than half of the FSC Core Criteria (CC) require action and efforts by the community in order to comply. Facilitating the necessary steps to comply with these CC is part of the SUSTAME project.

Even though requirements are stringent, acquiring the FSC certification brings credibility and market access for Bigi Poika and potentially other communities that will participate in SUSTAME. Group certification could be interesting in this context, because it could allow for certifying higher volumes under one certificate, thereby decreasing the costs of certification per m^3. This option will be explored during the project implementation.

It should also be noted that certification should be encompassed by premium market prices. Not all market players are willing to pay a premium for certified conservation timber, but the project team aims to link the Surinamese CFEs to European buyers who are willing to pay this premium for certified conservation timber.