

PROTECTING FORESTS, IMPROVING LIVELIHOODS

# Community Forestry in Mexico



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## Protecting forests, improving livelihoods – Community forestry in Mexico

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Coverphoto by Reforestamos México: Benny from Reforestamos México explains to a community enterprise the commercial distribution process for their *ramón* seed products.

With thanks to Reforestamos México



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Many of Fern's partner organisations have lobbied for the creation of community forests under the revision of their forest legislation, or as part of the Forest Law Enforcement, Governance and Trade (FLEGT) Voluntary Partnership Agreement or Reduced Emissions from Deforestation and Degradation (REDD) processes, believing that community forests could allow communities to directly benefit from forest management.

To inform this work, Fern commissioned a series of papers on community forestry policies in four different countries (Cameroon, Guatemala, Mexico, and Nepal). The aim of the papers is to learn from the successes and challenges faced by these existing community forest policies, to help non-governmental organisations in other countries develop, advocate for and implement their own.

These papers informed discussions at a workshop held in Brussels in April 2014, which brought together participants from thirty countries to share their understanding and experience of community forestry, and develop action plans for their own countries.

This paper is one of five in this series. The other papers, and further resources on community-based livelihood models, can be found at [fern.org/small-scale-livelihoods](https://fern.org/small-scale-livelihoods)

- A group of beekeepers from Nuevo Becal in the Yucatán Península show their bottled honey. The NGO Reforestamos México has worked with them to improve their community forest enterprise.

Photo: Reforestamos México



## Summary

Mexico's community forests are some of the most advanced in the world: communities collectively own more than 50 million hectares of the country's 63 million hectares of forest. This is thanks in large part to the mass decentralisation land ownership that began with the Mexican Revolution and new constitution in 1917. Another important factor was the progressive devolution of the right to manage forests, meaning communities are no longer required to hire companies to extract their timber. Forest management decisions are now made largely at the local level, though the government must ensure there is no conflict over land ownership, and that the community follows their management plan.

Despite this significant scope for local autonomy, most community forests still rely heavily on the private sector: the majority of communities hire external logging companies to extract, process and sell their timber. However, there are some communities who have managed to take on more and more of this production chain, with some even transforming the wood into finished products like wood board and furniture.

On the whole, Mexico's community forests have been a success. They have provided a means of survival for traditional culture, as well as for the environment: evident shows that forests managed by communities in Mexico have experienced less deforestation than protected nature reserves, where logging simply continues in an illegal and uncontrolled fashion. Economic outcomes have been particularly positive, creating many new jobs and funding local educational and health projects. Many community forests have reinvested timber revenues into improving their own operations and taking on later stages of timber processing, as well as diversifying into new economic activities like non-timber forest products or tourism.

Mexico's success is due to several important factors. It owes much to communities' high levels of social cohesion and existing traditional structures, as a foundation on which community forest management structures could then be built. Also vital was the government's genuine commitment to decentralisation of decision-making over forests. Non-governmental organisations (NGOs) have also been instrumental in building the capacity of communities to manage forests, facilitating connections between different communities, and lobbying at the national level for supportive policies.

Nevertheless, numerous challenges remain for community forests in Mexico. Many communities have become overly reliant on private logging operators, and have not developed the ability to manage forests themselves. Even the more self-reliant communities still lack market awareness and business skills. This is fed by term limits placed on community forest management positions, which prevent community members from building up expertise. The government needs to encourage skills transfer from logging companies and ramp up programmes to improve communities' economic awareness. The government needs to take care that the subsidies it provides to community forests do not inhibit entrepreneurial behaviour or feed local corruption. It also needs to simplify access to legality and give communities more support in the process.

# 1 History of community forests in Mexico

## Land redistribution

From 1857 onwards, Spanish colonialists laid claim to the lands of the indigenous peoples of Mexico. The resulting system of land distribution, which benefited a small number of wealthy landowners, brought discontent to the largely peasant population and led to the Mexican Revolution of 1910.<sup>1</sup>

Dealing with the revolutionaries' demands for land was a precondition for ending the revolution, and Article 27 of the 1917 Mexican Political Constitution set out plans to redistribute land. The redistribution policy declared all cultivated land to be community property and transferred it to the ownership of any peasant farmers and indigenous people interested in working it, thereby creating the *ejidos* (see explanation of distinction between communities and ejidos in section 3A, below). Since then, land redistribution has been a constitutional mandate of the Mexican State.<sup>2</sup>

A key change happened in 1946, when the government set maximum limits on the amount of land individuals could own as private property, in order to prevent the creation of large estates. Another important development was the government's revival of land reform in the 1970s, when large tracts of tropical forests and arid lands were redistributed to peasant farmers.

On 26 February 1992 the new Agrarian Act was passed, regulating Article 27 of the Constitution. The Act stated that *ejidos* could form unions, rural associations, companies and civil society organisations, with the aim of making better use of *ejido* land, and helping process forest products and bring them to market (Article 50). In addition, the Act divided *ejido* lands into common and individual land, and gave *ejidos* the right to sell their individual plots. Since 1993, the Ejido Rights Certification Program (PROCEDE) has been seeking for individual plots to be clearly defined. By 2000, PROCEDE had achieved the certification of nearly 80 per cent of the country's *ejidos*.<sup>3</sup>

Over the last century, progressive land reforms have enabled communities to own their land, to exercise increasing autonomy over their internal affairs and disputes, and to set their own regulations for managing property rights within community lands. The reforms represent a genuine decentralisation of natural resources, and offer economic subsistence opportunities to the communities that own those lands.<sup>4</sup>

## Forestry concessions

Mexico's forestry concession model began with the Forestry Act of 1940, which was based on the assumption that the primary causes of forest degradation were domestic forest consumption, subsistence farming and rent-seeking by local elites.<sup>5</sup> According to the Forestry Act, woodlands should be used to encourage long-term investment in the forestry industry, and guarantee a constant supply of raw materials at low prices.

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1 Warman 2003.

2 Ibid.

3 Ibid.

4 Bray and Merino 2005.

5 *Rentismo*: the attitude of landowners that allowed unchecked logging by external actors. It was therefore a major cause of deforestation/degradation.

With the Act, the Federal Government granted 30 logging concessions in many of the country's most densely forested regions. The concessions lasted an average of 25 years, although in some cases they were for as long as 60. Many concession holders were government-owned companies. Forest communities, despite now being the legal owners of the land, had to sell their timber to the concession holders, receiving in exchange an income called *derecho de monte* (woodland dues).<sup>6</sup> The payments were deposited in a government-managed fund, which the communities could access by submitting proposals for productive projects and then obtaining government approval.<sup>7</sup>

Most of the forestry concessions expired while President Miguel de la Madrid was in power (1982–88). Against a political backdrop of attempts to reduce the role of the state, peasant farmers called for the abolition of forestry concessions, and the model of publicly owned forestry companies started to be dismantled. The 1986 Forestry Act abolished the system of forestry concessions, and gave communities the right to own and operate logging concessions themselves. The Act also introduced the obligation to prepare forest management plans. At the same time, the Directorate General for Forestry and Soil Management was created, promoting the establishment of community forestry enterprises.

These reforms allowed community forest enterprises to develop as businesses, and some became financially successful, making large profits which they reinvested in logging and processing equipment, and developing their own management skills.<sup>8</sup> These companies also became interested in enhancing the productive capacity and sustainable use of their forests.

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6 *Monte*: colloquialism for woodland.

7 Bray and Merino 2005.

8 *Ibid.*



## 2 Present day situation

Mexico is now one of the most advanced countries in the world in terms of community forests. There are currently nearly 3,000 communities that communally own more than 50 million hectares of the country's 63 million hectares of tropical and temperate forests.<sup>9</sup>

Mexico's General Law of Sustainable Forestry Development (2003) defines a community forest enterprise as "a productive organisation of communities or ejidos with permanently wooded areas under a forest management programme, for production, diversification and processing, with agrarian and entrepreneurial capacity".

### Types of Ownership

There are three types of land ownership in Mexico: public, private and communal. Communal ownership can be split into two types:

**Community ownership:** the customary use of the land by its original inhabitants. According to Luna Obregon and Barragan, it is a "very ancient form, because it existed even before the Spanish conquest of Mexico and is typified by the fact that all the land (agriculture, cattle ranching and forested land) concerned belonged to the whole community".<sup>10</sup> After the Mexican Revolution, land was given back to communities based on their customary occupation. These customary rights are still being passed on to successive new generations today.

**Ejido ownership:** was also created after the Mexican Revolution, but was based on fair distribution of land rather than on customary rights. *Ejido* lands are divided between common land and plots of land for individual owners.<sup>11</sup> Common land is meant to provide for the economic sustenance of the community, and includes any land that the community assembly has not assigned into individual plots or reserved for constructing buildings (Article 73, LA). Forested land usually falls into this category.

Another difference between *ejido* and community-owned forests is that, under the 1992 Land Act Reform, *ejidos* now have the right to sell their individual plots to private owners. Communities do not have this right. The individual plots in *ejido* forests have generally been successful at evading the threat of land-grabbing by outsiders: only five per cent of Mexico's individual *ejido* parcels have been bought and transformed into private property.<sup>12</sup> This is primarily because plots cannot be sold until the community general assembly authorises the sale. Purchase of individual *ejido* plots is also discouraged by the fact that the Agrarian Acts limit the size of private property such that one person cannot own a plot larger than 800 hectares of forest land. However, there are increasing instances of *ejido* plots near cities being sold because of urban expansion, causing deforestation. In addition, *ejido* land is often sold for less than its value because of intimidation and corruption.

9 National Forestry Programme 2014–2018, published on April 28, 2014 in the Official Gazette, available at: [http://www.dof.gob.mx/nota\\_detalle.php?codigo=5342498&fecha=28/04/2014](http://www.dof.gob.mx/nota_detalle.php?codigo=5342498&fecha=28/04/2014)

10 Luna Obregon & Barragan Barraga 2004.

11 These plots can be up to 800 hectares (Mexican Agrarian Law of 1992, art. 119).

12 Periódico La Jornada.

According to Bray and Merino, “although there are some differences between *ejidos* and communities with regard to origins and forms of governance, both systems establish that a jointly owned territory will be managed collectively”. Both cases involve common land that cannot not be subdivided, sold, transferred, leased or mortgaged. When the word ‘community’ is used in this document, therefore, it means both *ejidos* and communities.

### **Governance of community forests**

The principal decision-making bodies in Mexican community forests are the General Assemblies, which decide how community assets should be managed, and if rights-holding members should be admitted or expelled. They also determine if a third party can perform an extraction activity in their forest, and how much the third party should pay the community in return.

The Board of Directors (president, secretary and treasurer) follows instructions from and reports to the General Assembly. The directors are elected every three years, with no immediate re-election after their service. A Supervisory Board monitors the work of the Board of Directors, and different committees carry out specific activities related to the management of the community land.

Local land disputes are resolved by the Agrarian Courts, founded in 1992 to regulate conflicts and ensure legal tenure certainty for communities. However, these Courts are still seen as ineffective. Long delays are common, partly due to the lack of binding time-frames, and decisions are not made in a transparent manner.

Despite the significant level of local devolution, the national government retains a supervisory role in the process of creating and managing community forests. The community must submit a management plan and environmental impact assessment to the Secretariat of Environment and National Resources (SEMARNAT) for approval before it can commence commercial operations. If land tenure is disputed, SEMARNAT will not grant the permit.<sup>13</sup>

The national government also retains the authority to conduct audits. The Federal Ombudsman for Environmental Protection (PROFEPA) must make sure that the community are following their authorised management plan, and can revoke the permit if they are not.

### **Government and private sector support**

Despite the level of decentralisation of land management in Mexico, communities still need government and private sector support. In terms of support from the private sector, communities frequently hire private forest operators to help them carry out management activities. According to a World Bank/Profor study, 43 per cent of management costs for community forests are related to technical supervision of the logging operator.<sup>14</sup>

From the government side, the National Forestry Commission (CONAFOR) is mandated to provide communities with technical assistance and subsidies, in order to help them develop the management plan and environmental impact assessment for their community forest.

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<sup>13</sup> Article 65 of the General Law on Sustainable Forest Development (LGDFS).

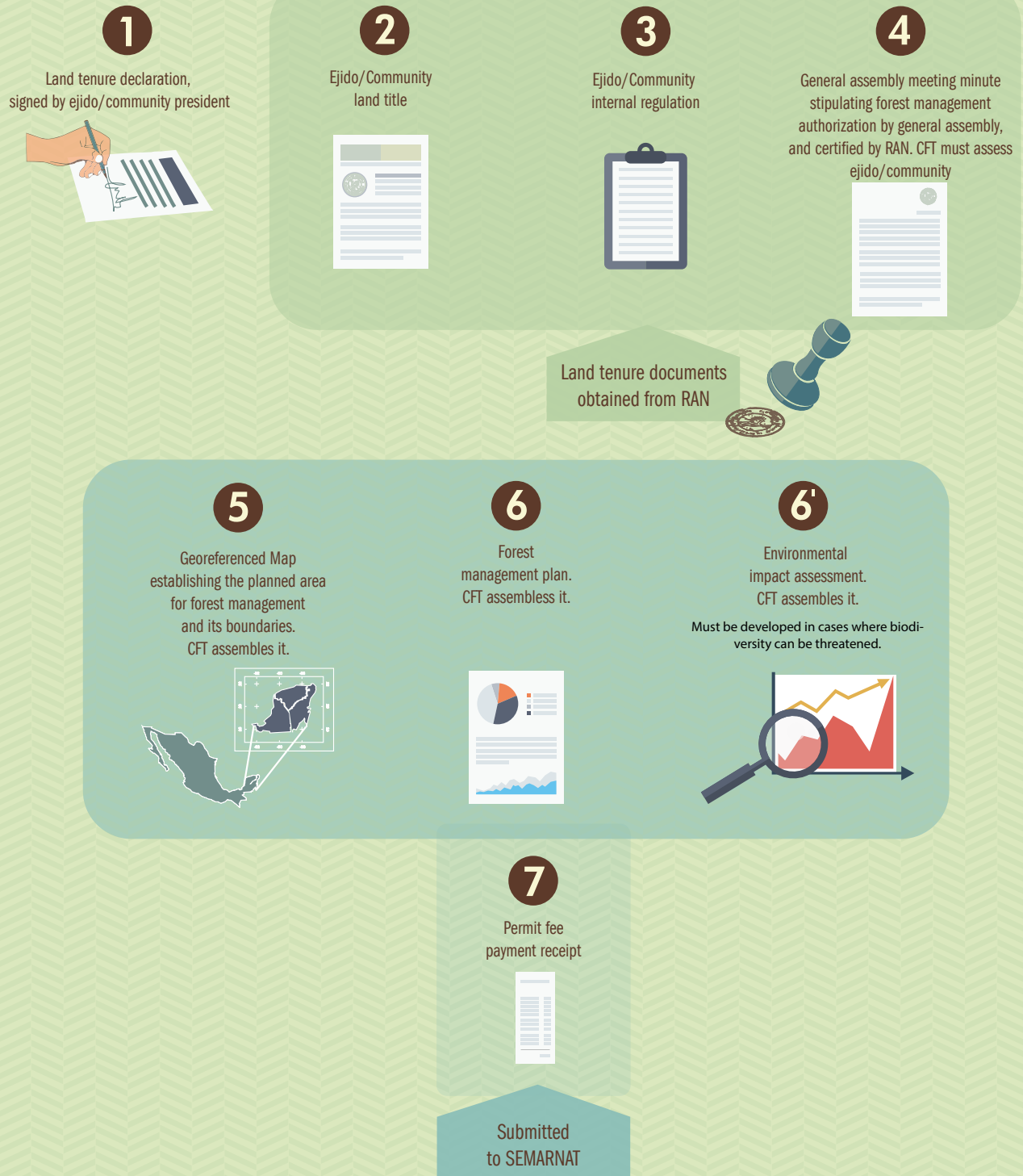
<sup>14</sup> Cubbage 2013.



## TIMBER HARVESTING PERMIT

In order for forest ejidos and communities to obtain Timber Harvesting Permits, two document groups must be submitted to the National Ministry on the Environment and Natural Resources (SEMARNAT): Land tenure documents, which must be previously registered in the National Agrarian Registry (RAN); and forest management documents. There are no concrete deadlines in the process, meaning that in certain cases the authorization process has lasted up to two years.

For both document groups, government-Certified Forest Technicians (CFTs) must assess ejido/communities in specific tasks, charging a fixed percentage for each task. Additionally, these documents require several negotiations among ejido/community members, government institutions, and CFTs, which raise monetary and transaction costs for ejidos/communities; sometimes to very challenging extents.



CONAFOR also provides subsidies to help communities purchase forestry machinery such as sawmills. CONAFOR has created funds with two national development banks, FIRA<sup>15</sup> and FND,<sup>16</sup> to provide loans for development. However, uptake of the loans has been slow, as communities are mistrustful of credit from development banks. In addition, the subsidies can create dependency on the government, inhibiting entrepreneurial behaviour, risk-taking and business efficiency. There have also been examples of corruption as some communities bend rules to maximise their access to subsidies.

The government has categorised community forests into four groups, reflecting the level of their involvement in forest management:

Category	Role/involvement of the community	Aprox. number communities
I	Community owns forest but does not manage it or have a permit	1125
II	Community has a community forest management permit but outsources management to a third-party company	502
III	Community manages the forest and sells the unprocessed timber itself	369
IV	Community also transforms the timber into more sophisticated products (such as wood board or furniture)	260

Source: Authors' calculations (2014) based on information from the update to the 2025 Strategic Forestry Program

<sup>15</sup> *Fideicomisos Instituidos en Relación con la Agricultura*, Agricultural Bank.

<sup>16</sup> *Financiera Nacional de Desarrollo*, Rural Development Bank.

### 3 How successful have community forests been?

Community forests in Mexico have boosted local employment and long-term community economic development, ensured local-level decision-making, and improved conflict resolution, environmental services, and educational opportunities. Important outcomes include:

#### Protecting traditional culture

Community forests have provided an important means of survival for customary ways of life: at least 28 million hectares<sup>17</sup> of community forests are situated in indigenous villages.<sup>18</sup>

#### Pro-poor economic growth

Community forests have provided an important source of revenue to communities. Eighty per cent of legal timber in Mexico now originates from communities.<sup>19</sup> There are also numerous instances of community forest enterprises that have been able to control the production chain from the extraction of forest resources,<sup>20</sup> to the processing of raw materials,<sup>21</sup> to the sale of finished products to Mexican and international markets.<sup>22</sup> The most successful community forests have diversified their activities. Some harvest and process non-timber forest products (such as honey, coffee or cocoa); others own water-bottling plants or ecotourism facilities. In some cases, they have been able to sell carbon credits in the voluntary markets, or conduct corporate social responsibility reforestation projects.

Community forests have also been able to meet the high environmental and social standards of certification initiatives. Around 800,000 hectares of Forest Stewardship Council (FSC)-certified forests are managed by communities in Mexico.<sup>23</sup>

Some of the most successful community forests, with the greatest forest assets and best internal organisation, have reinvested the income to achieve significant business growth. With the profits from their logging operations, they have repaired forest roads, bought logging and timber processing equipment, and formed their own technical and administrative teams.<sup>24</sup>

This revenue has translated into significant improvements in local economic and social development because profits go entirely to the community to improve the living conditions of local people. Revenues pay for projects such as installing electric lights and water-supply pipes, building roads and streets, developing food shops, providing support for widows and the sick, and funding scholarships for education.<sup>25</sup> Community forests have also provided employment to young people, women and to local landless people (*avecindados*).<sup>26</sup>

17 Out of 63 million hectares of forest in Mexico.

18 Boege 2008.

19 Kaimowitz 2008.

20 Nearly 2000 permits have been granted to communities and *ejidos* to manage their forests (Statistical Yearbook Semarnat 2012).

21 Nearly 200 sawmills are owned by *ejidos* and communities. (Statistical Yearbook Semarnat 2012).

22 See Appendix 4.

23 Duncan Macqueen, IIED, Cifor presentations.

24 Bray and Merino 2005.

25 Gerez and Purata 2008.

26 *Avecindado*: term used to refer to someone who is Mexican by nationality, of legal age, has lived for a year or more in the *ejido* or community and has been recognised as such by the Assembly or by the relevant Land Court, but who lacks rights to the land (Instituto Nacional de Estadística y Geografía, INEGI).

### Case Study: Pueblos Mancomunados (Associated Villages), Oaxaca

Pueblos Mancomunados was launched with the goal of marketing pine timber, but due to lack of demand the community created a separate furniture manufacturing division, with staff skilled in design, public relations, and sales. They are currently working on a line of furniture by renowned designers and painters, and have approached private companies to evaluate the possibility of working in oak timber.

After the creation of the furniture company, the local people decided to launch a new company: a water purification plant, which is now the largest source of revenue for the community.

The community forest enterprise has managed to differentiate product lines, train specialists, and build worker infrastructure (dormitories, recreation areas, a cafeteria service, etc.). It is an example of the possibilities offered by diversification and moving into new markets. It has external staff who administer and manage resources; these are not members of the *ejido* council, which gives the enterprise's operations more flexibility.

Benefit distribution models vary, but communities tend to be more equitable than *ejidos*. This is because communities have more rights-holders and thus more people who are entitled to benefits, which gives an incentive for younger people to stay and work in their forests. In *ejidos*, the number of rights-holders is limited,<sup>27</sup> although there have been exceptional cases of *ejidos* that have been able to foresee the risks of excluding *avecindados* and have devised ways to involve them in forestry activities.

A lack of reliable information makes it difficult to estimate the economic contributions of community forests beyond official reports. Reforestamos México has developed the first State Forestry Competitiveness Index (ICoFE), an instrument – the first of its kind in Mexico – that seeks to measure the economic, environmental, social and political benefits of forests.<sup>28</sup>

### Environmental protection

The fact that the main economic activity for Mexican community forests is logging may seem to run counter to environmental considerations, but in fact this model has had positive impacts. Communities have an incentive to maintain a steady, long-term harvest of products for exploitation because this is their main source of income.<sup>29</sup> There is evidence that forests managed by communities are less likely to be deforested than forests under logging bans.<sup>30</sup>

There are numerous examples of community forest enterprises that are economically successful while promoting conservation such as the Ejido Palo Seco community forest, which ended illegal logging in the area and became an example of responsible forest management. Currently, community forest enterprises generate an average of around €180,000<sup>31</sup> a year, distributed as profit and invested in the community.

27 This is because the *ejido* may exclude the spouse from succession, and field studies reveal that in many Mexican states land is usually left to the eldest son (Katz, 1999).

28 [http://imco.org.mx/wp-content/uploads/2014/07/Indice\\_Forestal\\_2014\\_Situaci%C3%B3n\\_de\\_los\\_estados.pdf](http://imco.org.mx/wp-content/uploads/2014/07/Indice_Forestal_2014_Situaci%C3%B3n_de_los_estados.pdf)

29 Bray and Merino 2005.

30 Porter-Bolland 2011.

31 Three million Mexican pesos.





■ Agustín explains the business vision of his forest enterprise in his home in the Agua Blanca community forest, Santa María del Monte, Zinacantepec, Mexico.

Photo: Reforestamos México

A successful and sustainable community forest must have the following:

- a long-term financial strategy
- a way to monitor forest cover
- transparent and accountable institutions
- co-operative stakeholders willing to prioritise sustainable use
- technical support
- an understanding that a living forest can bring environmental and economic benefits over many years.

Some community forests exist within protected areas, and so are banned from logging. Perversely, these protected areas can end up producing more deforestation than commercial logging units. This is because communities continue to extract forest resources informally, and have no guidance or incentive to pursue sustainable practices and stop illegal loggers.

## 4 Lessons learned

### Social capital

Social capital (the institutions, relationships and norms that shape the quality and quantity of a society's social interactions) has been one of the biggest contributors to the rise of Mexico's community forests. Increasing evidence shows that social cohesion is critical for societies to prosper economically and for development to be sustainable.<sup>32</sup>

Three forms of social capital are particularly important:<sup>33</sup>

1. the social capital present in traditional indigenous organisational forms, which serves as a basis for grassroots mobilisation and the establishment of community forest enterprises;
2. institutional social capital promoted by the Mexican government, particularly in ejido forms of organisation; and
3. institutional social capital promoted by NGOs and foundations, which have occasionally also served as important sources of support for grassroots mobilisation.

For an individual community forest, much of its success depends on the level of cooperation it can build with other stakeholders. Communities must be able to lobby the government effectively for the creation of favourable public policies, build productive relationships with the private sector, and use civil society organisations to help them achieve their goals.

### The legal framework

Mexico's broader legal framework has been particularly important. The regulatory framework for the forestry sector consists of laws, programmes and an institutional structure responsible for applying standards and implementing public policies (for a detailed description, see Appendix 3). For a century, this legal framework has been continuously improved. Behind this lies a genuine commitment to strengthen and devolve power to local institutions, and improve legality and transparency. There is still room for improvement, but Mexico is certainly an example for other countries.

### Access to legality

One area where the government response to community forestry could still be improved is in ensuring access to legality. Unlike farming or stockbreeding, forest exploitation requires a permit. To obtain this permit you must prove that, without the permit, exploitation of forest resources would be unchecked, leading to degradation of the forest ecosystem.<sup>34</sup> The application procedures for forest exploitation permits are complex and expensive, discouraging owners from taking part in the legal market and leading to informal and illegal forest exploitation.<sup>35</sup>

<sup>32</sup> What is Social Capital?, World Bank website.

<sup>33</sup> Merino and Bray, 2005..

<sup>34</sup> Mexican Ministry of Economy.

<sup>35</sup> CCMSS. Informative memorandum number 33.

A community forestry operation wanting to become a legal entity has both direct and indirect costs to deal with. Direct costs include the hiring of a certified logging operator to draw up the necessary management plan. There are cases of *ejidos* and communities abandoning their permit applications because of the high cost of hiring a forester.

Indirect costs come about because the permit application process is excessively bureaucratic, requiring constant travel from *ejido* authorities to fulfil procedures in government, municipal, state and federal offices. Moreover, the response time from the state entities is not standardised, ranging between two months and two years, and there can be high levels of corruption among the officials in charge of issuing permits.<sup>36</sup>

Legality and illegality exist side by side. Legal loggers generally know who is selling timber illegally, but do not report them to the authorities because of fears for their personal safety and that of the *ejido*. There are also cases where illegal loggers make deals with government authorities, *ejidos* or legal loggers to bring timber to the market without an exploitation permit.

### **Skills transfer from logging operators**

The certified logging operator a community hires to apply for the permit and implement the forest management plan has a major influence on the behaviour and performance of a community forest enterprise. This can have positive effects, but there are dangers too; if the logging operator is corrupt, unenterprising or short-termist, the community forest enterprise is likely to be mediocre and have short-term aims.

Despite the potential for logging operators to transmit useful skills, this influence is often limited because logging operators focus on productive processes, leaving out important stages such as administration, finance and bringing goods to the market.

Communities can become too dependent on the logging operators. There have been unfortunate cases in which the *ejidos* themselves gave the logging operator absolute power over decision-making and, when the logging operator stopped working with them, the enterprise went back to square one or collapsed.

The government should therefore clearly define the roles of logging operators, and make clearer plans for skills transferral from logging companies to communities. For example, some *ejidos* have provided grants for young people to study forestry, so they can become certified logging operators themselves.

### **Community decision-making structures**

Success of a community forestry enterprise depends, to a large extent, on how decisions are reached within it. For example, when community authorities are directly responsible for decision-making, administrative procedures are sped up, but it also brings risks especially when the decision-makers belong to the same family or share political interests. Another problem with direct community management is that it is subject to a legal requirement whereby community representatives have a three-year term limit on their governance post. This means that skills and experience gained through the role are constantly lost as community representatives are replaced.

36 Based on preliminary results by surveys across roughly 1500 *ejidos* and comunidades in 13 states by Reforestamos México.

Another option involves direct decision-making by the logging operator. Under this system, the decision-making process is longer because the logging operator must consult with the community council before any decision can be implemented. However, outsiders generally have more expertise, and they can easily be sacked if results are not forthcoming. Using outsiders allows personal and family matters to be kept out of running the community forest. Moreover, logging operators are not bound to three-year term limits.

### **Communities' economic awareness**

Most successful community forest enterprises are well informed about economic conditions, and work together to enhance performance and efficiency. In order to do this, communities must adopt a business management model, conduct an inventory of their resources and have a plan for how to exploit them sustainably. They must also have the skills to develop business plans, organise themselves into production units, and to bring their products to market.

In practice, communities often lack business sense and knowledge of the market in which they operate, and fail to identify either their own or partners' strengths that could enable them to participate more effectively. Community forest enterprises often look for buyers without first analysing conditions in the markets they are trying to reach, to see if there is demand for their products. It is common for community forests to produce obsolete products that struggle to establish themselves in an increasingly competitive market.

Communities should look for productive collaborations, for example building relationships with neighbouring communities to make use of spare capacity (like underused saw mills).

Community forest policy should facilitate an entrepreneurial attitude amongst communities by ensuring subsidies enable development, but are removed when they create dependency or hamper competitiveness. Many communities with forestry activities have a high level of technical training and the tools and machinery for competing with the major forestry companies, but lack management and entrepreneurship skills. What they need is support to develop activities that meet the needs of the marketplace.

The government should provide training programmes on business strategy and legal management, promote entrepreneurship, and encourage the participation of young people and women in community forest enterprises.

The Mexican government has carried out many such activities through its Programme for Forestry Community Development, which may provide interesting ideas for other countries. For more details of this programme, see Appendix 3 to this report.

### **Encouraging investment**

Government policy should promote coordination between all types of investment: public, private, community and philanthropic. To date, cooperation between different investors has occurred on a case-by-case basis, lacking an institutional framework for making them more widespread. There is a need for genuine communication between all stakeholders, to create confidence in cooperation and share examples of successful cases.



### **Case Study: Corporación Forestal Pino Real (Pino Real Forestry Corporation), Durango**

The Corporación Forestal Pino Real is an association of three ejidos in the state of Durango. The association of multiple ejidos allows communities to access enough raw materials to supply a large-scale market, as well as enabling the transfer of technology and the acquisition of high-level infrastructure. This association is managed by a partnership of CONAFOR, the United Nations Development Programme (UNDP) and the Rainforest Alliance.

This example shows the benefits of creating corporations that understand the market, as well as the important role that external partners can play in the enterprise-development process.

### **Forest certification**

Mexico has a Forest Certification and Chain of Custody System (see Appendix 3), and is a leader in community FSC certifications. The certification process has governance benefits for the communities themselves, but community forestry enterprises that became certified in the hope of selling their timber for a better price were disappointed.

This has been hard for both the government and the community forest enterprises to understand. The government has promoted forest certification, offering subsidies for achieving it; now the communities, having met all the requirements, find themselves in a market indifferent to certification. Partly this is because the main domestic consumer of timber in Mexico is the construction sector,<sup>37</sup> which attaches little value to buying certified products. It is also because prices for legal and certified timber prices can be three times higher than those of illegal timber.<sup>38</sup> For example, the National Forestry Commission encouraged legal timber producers in Nahuatzen to forge links with furniture companies as a strategy to prevent illegal timber purchase. The furniture producers explained that the price per plank of legal timber was US\$16.50, while that of timber of questionable origin was US\$6.00.<sup>39</sup>

The solution here would be to focus on changing the behaviour and attitudes of buyers, and not only of producers and government officials.

### **The role of NGOs**

The success of community forests in Mexico owes much to the involvement of NGOs, particularly the Mexican Civil Council for Sustainable Sylviculture, which works to strengthen the capacity of community forests and regional community forest organisations; and Reforestamos México, which helps community forests become more competitive and sustainable.

There are also organisations that bring together producers from various Mexican states, such as the Mexican Network of Peasant Forestry Organisations, the National Confederation of Sylviculture Organisations and the National Union of Social Foresters.

37 Timber Market research conducted by Reforestamos México in 2013.

38 Ibid.

39 Reforestamos México visit in February 2014, in coordination with CONAFOR.

The work of these organisations has given a voice to communities in national decision-making forums, helping them shape the legal framework for agriculture and forestry.

### **Importance of integrating community forests into other sectors**

The spread of community forests in Mexico has been inhibited by the government's lack of interest in the forestry sector, compared with their strong interest in agriculture and urban development. This has led to most of the population becoming concentrated in cities, and forests becoming deserted.

Mexico needs to develop a vision that is shared with other government institutions, in which forestry activities are considered essential to the country's overall development.

■ Jaime, from Valentín Gómez Farías in the Yucatán Península, keeps bees and sells their honey."

Photo: Reforestamos México



## 5 Conclusion

The success of the Mexican forest sector depends on a strong shared vision between those with a stake in the forestry sector. A lot has been achieved in terms of community control of resources, but improvements could be made. One essential step forward would be to improve the way community forests are governed at the local level, to encourage communities to use the values of their forest more efficiently, and to ensure economic activities are sustainable in the long term.

The economic contribution of forests must also be recognised, along with the links between the forest sector and other sectors. Government policy must encourage community groups to think more entrepreneurially, and set up institutions to train different communities to work together and with users of timber and non-timber forest products.

Finally, if Mexico is to increase the market for its products nationally and internationally, it must combat illegality. Making it easier (in terms of time and financial resources) for communities to register and manage their forests would be the first step in achieving this.

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## Appendix 1: Social context of Mexico's community forests

The diversity of the landscapes of Mexico has led to a great diversity of indigenous cultures. Mexico has 291 living languages (the greatest diversity in the Americas and the fifth in the world). The languages of Mexico belong to eleven different language families.

Mexico was conquered by Spain in the early 16th century. It is estimated that 97 per cent of the indigenous population died from disease and violence. Some of the inhabitants migrated to the most inaccessible regions: the forests and jungles.

Mexico became independent from Spain in 1821. But still the land was in the hands of just a few families, which led to popular discontent. The revolution of 1910 formed the basis of subsequent land reform, which included all woodland.

Currently 12 million people live in the forests and jungles (the total population of the country is 120 million), and around 50 per cent of those are of indigenous origin.

The lack of opportunities in the rural environment mean that half the population that inhabit the forests, whether of mixed-race or indigenous, live in poverty. Many people migrate to the United States and urban areas.

## Appendix 2: Economic context of Mexico's community forests

Mexico is an emerging economy, with an approximate gross domestic product of US\$1.3 trillion. That means it is in the top 15 economies in the world. Per capita Gross Domestic Product (GDP) is around US\$11,000 per year.

The domestic market requires forestry products for various sectors, in particular construction. Despite the widespread forests, Mexico is only able to produce a quarter of its own timber demand. The rest is imported, leading to a trade deficit of around US\$5 billion, which accounts for around 50 per cent of the total trade deficit.

The forestry sector's contribution to GDP is minimal: only 0.8 per cent.

Despite Mexico's privileged geographic position in international trade, the lack of transport and communications infrastructure in forest areas makes other countries (e.g. Chile) more competitive at bringing forestry products into the Mexican market.

## **Appendix 3: The regulatory framework: the laws, institutions and programs affecting community and forestry matters**

The regulatory framework for the forestry sector consists of laws, programmes and an institutional structure entrusted with applying standards and implementing public policies.

### **National laws**

#### **Agrarian Act**

Community organisation is regulated by the Agrarian Act. The principal decision-making body is the general assembly. The general assembly elects an ejido commissioner, or (in the case of communities) a community assets commissioner, to run the community forest. These commissioners can remain in office for three years, and there is no immediate re-election.

Although this structure exists primarily to manage the community land, it also enables ejidos and communities to handle political, religious, productive and even family matters.

#### **General Ecological Balance and Environmental Protection Act (LGEPPA)**

The General Ecological Balance and Environmental Protection Act aims to encourage sustainable development across different economic sectors in Mexico.

The Act has been in force for almost 20 years. However, the lack of political will of various governments has meant sustainability is never a priority area in the design and implementation of public policies. The effect of this Act is thus confined to sectoral policies that do not have much effect and have to compete with other more influential sectoral policies like farming, stockbreeding, industry and mining.

For example, the Mining Act states that ‘exploration, exploitation and profits from minerals or substances ... are of public utility and shall take precedence over any other use or exploitation of the land’. At present, about 30% of the national territory has already been licensed to mining companies, posing a grave threat to community forests.

#### **General Sustainable Forestry Development Act (LGDFSC)**

The General Sustainable Forestry Development Act (GSFDA) came into effect in 2003, and regulates the development of the forestry sector. This Act replaced the Forestry Act, which had been reformed several times since being enacted in 1926.

The GSFDA does not differentiate industrial logging from community forestry since both individual and community-based ownership are meant to follow the same regulation.

The forestry authority has taken a conservationist approach to the implementation of the GSFDA. Nevertheless, the current administration’s official line is to encourage the productive aspect, with the aim of creating a competitive forestry sector.



## **Institutional framework**

### **Institutional agrarian framework**

- **Secretariat for Agrarian, Territorial and Urban Development**  
As of 2013, the Secretariat for Land Reform became the Secretariat for Agrarian, Territorial and Urban Development. Its purpose is to provide legal certainty about land ownership by promoting land-use planning and regularising data on land ownership, as well as facilitating access to judicial mechanisms for land-related issues. It is responsible for maintaining the National Agrarian Register, which records all ejidos and communities.
- **Agrarian Ombudsman**  
The Agrarian Ombudsman is a kind of legal office whose function is to defend agrarian entities (ejidos and communities) by offering legal advice and arbitration.
- **Agrarian Courts**  
Land was distributed before satellite technology was available. There are many cases where property boundaries overlap, causing disputes between communities. A disputed plot of land cannot receive a management permit or receive government subsidies to develop a community forest.  
  
Agrarian Courts are responsible for resolving such cases. Nevertheless, there are cases where conflict has lasted more than 50 years.

### **Forestry institutional framework**

- **Secretariat for the Environment and Natural Resources (SEMARNAT)**  
The apex of the institutional framework for Mexico's forestry sector is SEMARNAT, the entity entrusted with decreeing Mexican environmental policy. That implies that forestry is not viewed as a productive activity, but rather as a natural resource to be preserved. SEMARNAT now contains the Directorate General for Forestry and Soil Management (DGGFS), whose responsibilities include authorising forest exploitation and land use change, administering the National Forestry Register, and producing the National Forestry Inventory.
- **National Forestry Commission (CONAFOR)**  
CONAFOR, created by a presidential decree on 4 April 2001, is a sub-entity of SEMARNAT, whose purpose is to promote forest production activities (forest management units), to conserve and restore forests, to formulate plans and programmes, and to implement sustainable forest development policy.
- **National Commission for Protected Natural Areas (CONANP)**  
The National Commission for Protected Natural Areas (CONANP) is another sub-entity of SEMARNAT, responsible for administering Protected Natural Areas. Its purpose is to conserve Mexico's ecology through Protected Natural Areas and sustainable regional development programmes in priority conservation regions.

It should be stressed that many ejidos and communities are situated in Protected Natural Areas, where exploitation is prohibited. This has created many problems: in fact, there is evidence of Protected Natural Areas where deforestation is worse than in forestry management units. This is because communities are extracting forest resources in an informal, unsustainable way. They also have no economic incentive to stop illegal loggers.

– **Federal Ombudsman for Environmental Protection (PROFEPA)**

PROFEPA is another sub-entity of SEMARNAT, whose main task is to increase observance of environmental regulations. PROFEPA's duties include carrying out inspections and conducting operations to prevent illegal logging. However, it is lacking in human and financial resources, so its vigilance is ineffective and small in scope. Moreover, PROFEPA tends to inspect the forest communities themselves, rather than the actors buying and processing timber.<sup>40</sup> This places an unfair burden on forest communities.

## Programmes

– **Programme for Forestry Community Development (PROCYMAF)**

CONAFOR's PROCYMAF was originally set up to work with around 1000 communities with forest management plans in the states of Campeche, Chihuahua, Chiapas, Durango, Guerrero, Jalisco, Mexico State, Michoacán, Oaxaca, Puebla, Quintana Roo and Veracruz. It became a national entity in 2011.

PROCYMAF's objective was to strengthen community forest management plans and to help them find further income-generating activities.

The programme had three components:

Component I

- Participative Rural Assessments
- Workshops for developing and strengthening communities' internal articles of association
- Community to community seminars
- Studies on community land-use planning
- Training courses and workshops for forest producers
- Environmental education workshops

Component II

- Specialist technical studies on managing and exploiting forestry products other than timber
- Specialist technical studies on setting up forest management programs
- Specialist technical studies to support forestry certification
- Specialist technical studies on setting up and managing commercial forestry plantations
- Studies on using firewood and by-products resulting from the exploitation and industrialization of forestry resources
- Specialist technical studies on setting up high-biodiversity community conservation areas
- Specialist technical studies on the recovery of areas degraded by human activities
- Participatory workshops by environmental services

Component III

- Studies for formulating and evaluating investment projects
- Implementation of investment projects
- Formation and legal registration of community forestry enterprises
- Support for strengthening community forestry enterprises

The communities that benefited from the programme demonstrated significant growth in their ability to manage their forest resources, and above all to organise themselves. The programme was based on the principle of 'not handing out fish but teaching people how to fish', although they have yet to be taught how to sell their fish.

40 Legality Forum, Mexico City, 2013.

- **National Forestry Programme (PRONAFOR)**

President Nieto's current administration (2012–18) has stated it wishes to double timber production by 2018. As a result, PROCYMAF has been paying more attention to PRONAFOR's capacity-building component, which must be implemented in as many communities as possible if community forests are to maximise their productivity.



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