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A Sourcebook for Community-Based Forestry Enterprise Programming

Evidence-based best practice and tools for design and implementation





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CONTENT

TABLE OF CONTENTS.....	1
ACRONYMS AND ABBREVIATIONS.....	2
1.0 INTRODUCTION	3
2.0 LESSONS FROM THE PROLAND CBFE ASSESSMENT	4
3.0 USAID PROGRAMMATIC REQUIREMENTS	6
3.1 CBFE Theory of Change.....	7
3.2 Monitoring, Evaluation, and Learning Indicators.....	9
3.3 USAID Funding and Private Sector Engagement.....	9
3.4 Natural resource Management Frameworks	10
4.0 PROGRAMMING CBFE INTERVENTIONS	11
4.1 Broad Assessment of CBFE Opportunities.....	11
4.2 Enabling Conditions and CBFE Programming.....	16
4.2.1 Enabling Conditions 1: Secure Tenure and Other Supportive Policies.....	16
4.2.2 Enabling Conditions 2: Organizational Capacity.....	17
4.2.3 Enabling Conditions 3: Social Enterprise Model.....	18
4.2.4 Enabling Conditions 4: Value Chain Partnerships	21
4.3 Equity and Gender Integration	22
4.4 A Guiding Matrix for CBFE Design and Implementaion	24
ANNEX 1: REFERENCES	32
ANNEX 2: RESOURCES RELEVANT TO CBFE PROGRAMS	35
ANNEX 3: A SUSTAINABLE LANDSCAPES RESULTS CHAIN FOR CBFE	64
ANNEX 4: USAID STANDARD INDICATORS.....	69

ACRONYMS AND ABBREVIATIONS

CBFE	Community-Based Forestry Enterprise
CDCS	Country Development and Cooperation Strategy
CLA	Collaborating, Learning and Adapting
DCA	Development Credit Authority
DR	Democracy, Human Rights, and Governance
ECOTRUST	Environmental Conservation Trust of Uganda
EG	Economic Growth
FMP	Forest Management Plan
FSC	Forest Stewardship Council
GDA	Global Development Alliance
MELP	Monitoring, Evaluation and Learning Plan
NGO	Non-governmental Organization
NTFP	Non-Timber Forest Products
ProLand	Productive Landscapes Task Order
REDD+	Reducing Emissions from Deforestation and Forest Degradation
USAID	United States Agency for International Development
USD	United States Dollars
USG	United States Government

I.0 INTRODUCTION

This Sourcebook aims to inform design and implementation of community forestry interventions that seek to deliver social, environmental, and economic outcomes in developing countries. Community forestry enterprises are potentially a key element in environmental management. Successfully implemented, they promote improved landscape-level ecosystem services, biodiversity conservation, and community income generation better than many alternative land uses. Hence, in many situations these enterprises lead to better environmental outcomes than government or private-sector management.

The Sourcebook draws on the **USAID ProLand Community-Based Forestry Enterprise (CBFE) Assessment**¹, which collected and synthesized the “state of knowledge” on enabling conditions for establishing and maintaining CBFEs (ProLand, 2018). This ProLand Assessment reviewed the available literature, especially recent meta-studies of community forestry and CBFEs; analyzed 22 case studies for characteristics of CBFE success; and reported on 18 key informant interviews that provide qualitative depth to, and perspectives on, specific aspects of CBFEs. The Sourcebook also incorporates findings from field visits to Indonesia, Mexico, and Peru², which verified key aspects of the assessment findings and earlier drafts of this Sourcebook. The primary audience for the Sourcebook is USAID development professionals and their implementing partners, though much of the document is applicable to any development organization undertaking similar work.

The Assessment and Sourcebook define “community forestry” to include any formally recognized use of forest resources by indigenous groups or other local communities in a defined area. More specifically the Assessment **defines a CBFE as a community-endorsed social enterprise that uses forest resources for commercial purposes to generate income that sustains the enterprise, while providing agreed benefits to the whole community.**³

CBFEs are social enterprises with integral social and business objectives. Although environmental outcomes are not always an explicit objective, when CBFEs sustainably manage their forests they also achieve outcomes such as biodiversity conservation and carbon sequestration, required by many government and donor forest conservation interventions.

The Sourcebook focuses on timber as a product with high comparative economic value, although much of the content is applicable to community engagement in non-timber forest products (NTFPs) and services such as ecotourism, carbon sequestration, biodiversity conservation, and watershed-based ecosystem services. Indeed, successful timber CBFEs are well placed to expand and diversify into these types of income-generation activities, which can broaden and diversify community benefits.

The Sourcebook first summarizes general findings from the ProLand CBFE Assessment structured around four enabling conditions: secure tenure and other supportive policy; community governance and enterprise

¹ [Productive Landscapes: An assessment of critical enabling conditions for community-based forestry enterprises](#)

² [Productive Landscapes: Community-Based Forestry Enterprises Indonesia Field Verification Report](#); [Productive Landscapes: Community-Based Forestry Enterprises Peru Field Verification Report](#); [Productive Landscapes: Community-Based Forestry Enterprises Mexico Field Verification Report](#)

³ This Sourcebook does not address what ProLand terms “smallholder forestry enterprises,” where the forest resource often consists of tree crops, planted and managed by individual landholders, which are collectively associated through cooperatives that have no community governance element and offer no direct benefits to the community as a whole (see ProLand, 2020b).

management; social enterprise models; and value chain partnerships. It then outlines relevant USAID-specific programmatic requirements and discusses key guiding principles and mechanisms for designing and implementing CBFEs. An annotated annex (Annex 2) lists numerous additional guides and tools and links these to the Sourcebook narrative. The authors recommend that readers refer to the ProLand CBFE Assessment for further evidence and clarity on the statements and conclusions presented in this document.

2.0 LESSONS FROM THE PROLAND CBFE ASSESSMENT

Taking account of the three information sources in the ProLand CBFE Assessment (literature reviews, case studies, and key informant interviews) and subsequent field verification visits, the conditions critical to CBFE success in the delivery of social, environmental, and economic outcomes are:

1. **Secure rights** to develop, exclude others, and sell a forest product or service and enable long-term CBFE investment. While these rights are the most basic policy requirement, other policies contribute to a robust enabling environment.
2. **Governance, organization, and management** that provide effective leadership and technical knowledge to the CBFE, accountability to the community, and ensure the CBFE's financial integrity.
3. A **viable social enterprise model** that produces sufficient financial benefits to reinvest in forest and business management and growth, and provides economic benefits (though not necessarily cash) to the community as a whole.
4. **Partnerships with value chain actors** to access external funding and technical support; help aggregate timber from several communities (or individual producers); market timber to buyers; and build/maintain infrastructure. These partners include national and local government, donors, civil society organizations, and private sector entities.

These are necessary conditions for effective CBFEs to operate and are sufficient unless other circumstances intervene. Such circumstances include insecurity and conflict, government instability, or corruption that may disrupt many livelihood activities, but these factors are not particular to CBFEs.

Figure I | Enabling Conditions for CBFE Success



Secure rights to develop, exclude others, and sell a forest product or service and enable long-term CBFE investment.



Governance, organization, and management that provide effective leadership and technical knowledge to the CBFE, accountability to the community, and ensure the CBFE's financial integrity.



A viable social enterprise model that produces sufficient financial benefits to reinvest in forest and business management and growth, and provides economic benefits to the community as a whole.



Partnerships with value chain actors for external funding and technical support, aggregation, marketing, and infrastructure.

3.0 USAID PROGRAMMATIC REQUIREMENTS

USAID requires compliance with several agencywide or program area-specific directives and policies, and has existing frameworks relating to natural resource enterprises. This section outlines those requirements and relationships for CBFE activities and projects. Annex 2 (Section A.2.1) provides additional description of some USAID guides and tools.

Agencywide, USAID's Program Cycle has three sequential aspects:

1. Making strategic decisions at the regional or country level about programmatic areas of focus and associated resources;
2. Designing projects and supportive activities to implement strategic plans; and
3. Learning from performance monitoring, evaluations, and other relevant sources of information to make course corrections as needed and inform future programming.

USAID Missions formalize “strategic decisions” in the Country Development Cooperation Strategy (CDCS). This CBFE Sourcebook primarily focuses on informing the “designing projects and supportive activities” and “learning ... to make course corrections” parts of this program cycle. In this document we use “project” as a portmanteau term that includes projects and activities in the sense of the second item above.

Box 1 lists some important USAID directives applicable to CBFE programming, with links to more detail in Annex 2. Below the box we discuss theory of change; monitoring, evaluation, and learning; and private sector engagement requirements related to CBFEs.

BOX 1: USAID REQUIREMENTS DIRECTLY RELEVANT TO CBFE PROJECTS.

See also USAID Automated Directive System. Chapter 201 (<https://www.usaid.gov/sites/default/files/documents/1870/201mag.pdf>)

Project design requires (and elaboration during implementation is often necessary):

- Climate risk management analysis (<https://www.usaid.gov/ads/policy/200/201mal> and Annex A.2.1 00.11);
- Biodiversity policy (see Annex 2:A.2.1.);
- Gender analysis (https://www.usaidassist.org/sites/default/files/assist_gender_integration_guide_final_aug2017.pdf);
- Environmental compliance with “Reg 216” (US Foreign Assistance Act Code of Federal Regulations, Part 216 – see Annex 2: A.2.1 00.11)

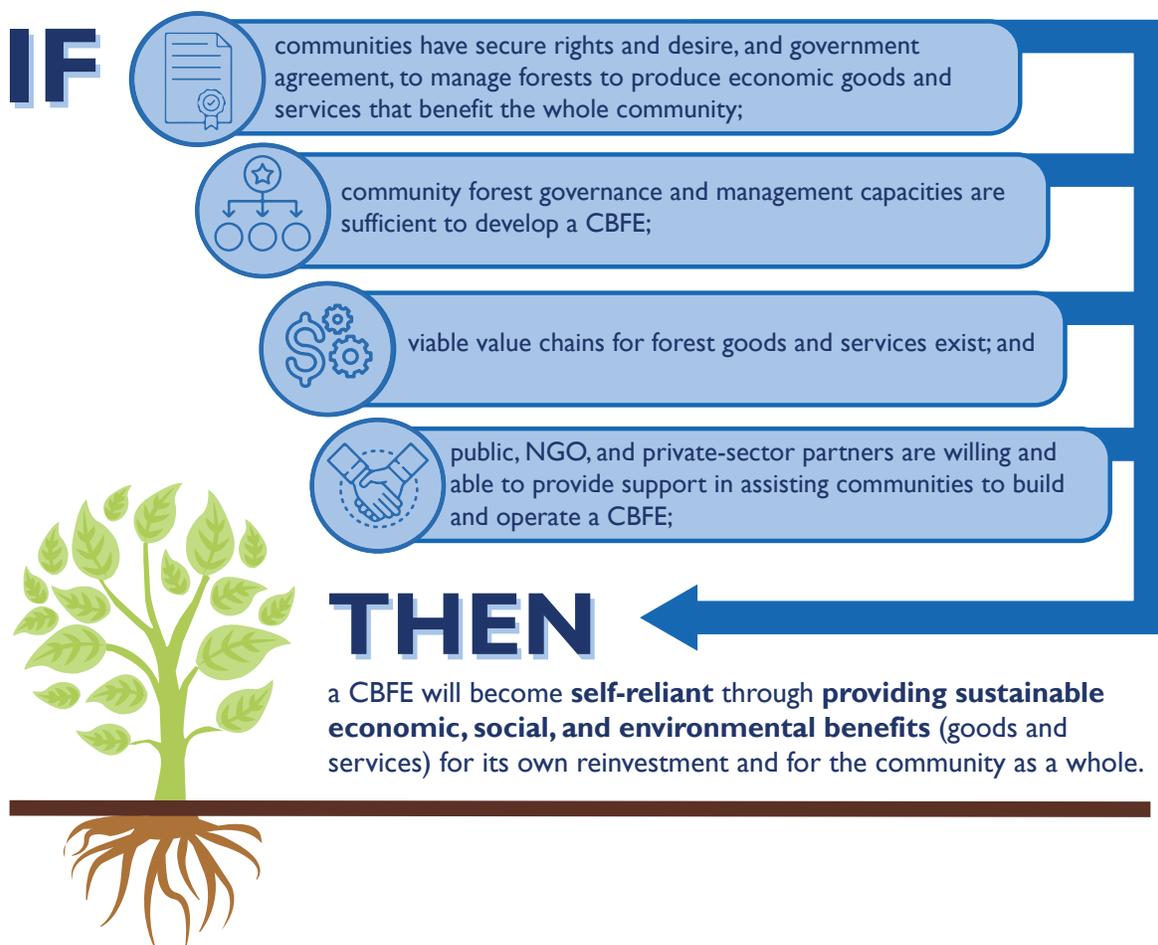
3.1 CBFE THEORY OF CHANGE

All USAID projects require a theory of change that identifies the factors necessary to achieve the desired outcomes. USAID also seeks self-reliance,⁴ defined as “the ability of a country, including the [host country] government, civil society, and the private sector—to plan, finance, and implement solutions to solve its own development challenges ... ensuring that the programs implemented are best supporting a country’s journey to self-reliance” (USAID, 2018, p. 1). USAID’s high-level goal for self-reliance has a theory of change driven by two closely related elements:

- “**Commitment:** How well a country’s laws, policies, actions, and informal governance mechanisms—such as cultures and norms—support progress towards self-reliance.”
- “**Capacity:** How far the country has come in its journey across the dimensions of political, social, and economic development, including the ability to work across these sectors.”

Although each CBFE project needs a context-specific theory of change, ProLand proposes a **generalized theory of change** (Figure 2), using the enabling conditions identified in Section 2.0, which needs modification and elaboration for specific projects.

Figure 2 | CBFE Theory of Change Based on Enabling Conditions



4 https://www.usaid.gov/sites/default/files/documents/1870/WEB_PF_Full_Report_FINAL_10Apr2019.pdf

This theory of change focuses on a CBFE as a specific entity and not on broader project goals, which will likely contain several other elements and results related to resilient economic outcomes, climate change mitigation, watershed and biodiversity conservation, and policy reform, among others. In these circumstances, a broader set of objectives and outcomes and a project-wide theory of change subsumes the CBFE theory of change.

The CBFE theory of change addresses the USAID global self-reliance theory of change elements through **commitment** (policy and its implementation) essential for secure rights and viable value chains, and **capacity** development, supported by government, civil society, and the private sector critical for establishment of sustainable CBFEs. Nevertheless, as explained in Box 2, a self-reliant CBFE does not mean, from an economic perspective, that investment from governments should necessarily disappear, provided CBFEs in aggregate result in significant national and global benefits that may exceed such investments. Indeed, a recent more detailed theory of change for CBFEs emphasizes the continuing need for investment during three phases of development (Gnych et al., 2020):

- Investment in community rights devolution and community governance;
- Investment in administrative and management capacity building; and
- Investment in the enterprise aspects.

Donors and their implementing partners, as well as national government, potentially invest in all three phases, while community institutions begin to invest in the second and third phases.

CBFE programs potentially address USAID global objectives across many priorities, including: Environment and Global Climate Change (USAID, 2018b); Economic Growth (USAID, 2019); Global Food Security Strategy (2016); Democracy Human Rights and Governance (USAID, 2017); the Private Sector Engagement Policy (2018); and the Gender and Female Empowerment Policy (2012). When designing a CBFE project, if these broader impacts are also important to USAID, an explicit theory of change for these expected or desired outcomes is necessary as is a realistic allocation of time and resources necessary to achieve all desired outcomes.

Annex 3 shows a ProLand “Results Chain” approach to achieving USAID’s Sustainable Landscapes objectives using methods advocated by the Conservation Enterprise Learning Group,⁵ which USAID requires when biodiversity funds are used.

⁵ This Learning Group supports USAID forestry and biodiversity programming by analysis of conservation enterprises that generate income through environmentally unsustainable activities, leading to reductions to threats to the environment (see Section 3.5 and Annex 2 – A.2.1).

BOX 2: SELF-RELIANCE AND INVESTMENT VERSUS SUBSIDY AND CBFES

Government subsidies are common in many productive sectors in developing and developed countries including the United States, where forestry subsidies include beneficial land use policies, grants, tax breaks, easements, and protectionist trade policies.

These benefits are not unidirectional. A well-managed forest (whether individual, corporate, or community) reciprocates through provision of environmental services (biodiversity, climate change mitigation, water and nutrient flow, and soil erosion control), creating substantial economic and social benefits locally, nationally, and globally. CBFES transactions also usually return money to government through payment of fees and taxes,

In this context, achieving **self-reliance is not a subsidy-free CBFES system. Rather, self-reliance is a situation where USAID can eventually remove direct development aid to the CBFES sector by creating a system of nationally sustainable community forests** that produce net income and other benefits even though investments come from diverse sources. These sources include CBFES-generated income; nationally supportive policies; and national and international funds that invest in CBFES and/or compensate for environmental goods and services provided by sustainable forest management such as climate change funds.

3.2 MONITORING, EVALUATION, AND LEARNING INDICATORS

USAID's standard indicators are important for aggregating across programs and countries to determine global achievements. As noted above, projects incorporating CBFES may have results and impacts across several program areas. Annex 4 provides a "short list" of standard indicators most directly relevant to CBFES and a longer list that might apply depending on project design, funding streams, and CDCS indicators. In addition, USAID's Conservation Enterprise Learning Group and many organizations have developed indicators relevant to CBFES custom indicators; these are worth reviewing to see which are appropriate for a specific project (See Annex 2).

- USAID promotes adaptive management of its projects and activities using a **Collaborating, Learning and Adapting** (CLA) approach to monitoring and evaluation.

The ProLand CBFES Assessment concludes, and this Sourcebook promotes, a CLA approach through identifying critical enabling conditions and how to address them. The complexity of system interactions needed for CBFES success demands CLA solutions from numerous stakeholders and sectors rather than prescriptive methods. While well-documented analyses, lessons, and best practices are important indicative aids, it should not be assumed that they are applicable in all aspects to new situations. **Project design and implementation therefore need flexibility to adjust activities and targets (and their theories of change) in an orderly fashion to achieve those evolving targets and move toward CBFES self-reliance.**

3.3 USAID FUNDING AND PRIVATE SECTOR ENGAGEMENT

Evidence presented in the ProLand CBFES Assessment emphasizes the need to engage the private sector in CBFES value chains. USAID's December 2018 Private-Sector Engagement Policy defines private sector broadly to include: "for-profit, commercial entities and their affiliated foundations; financial institutions, investors, and intermediaries; business associations and cooperatives; micro, small, medium, and large enterprises that operate in the formal and informal sectors; American, local, regional, and multi-national businesses; and for-profit approaches that generate sustainable income (e.g., a venture fund run by a non-governmental organization or a social enterprise)" (USAID n.d.-a, p.6). In this context, CBFES can encompass several

categories as business associations and cooperatives, small and medium enterprises, and social enterprises. When it comes to interacting with financial institutions and various for-profit businesses that potentially comprise timber value chains, however, building these relationships is challenging (see Section 4.0).

For example, a difficulty widely experienced by CBFEs (and other community-level enterprises or aggregating bodies) at the natural resource end of the value chain is obtaining loans or credit from commercial finance organizations. Typically, community-held land or trees are not regarded as collateral, and community organizations with a long time-horizon product are seen as too high a risk for commercial loans. The US International Development Finance Corporation⁶ offers loss guarantees to mobilize private capital to fill financing gaps. In the past, the predecessor Development Credit Authority did not often apply this mechanism to forestry-related loans. For example, only 159 of the loans supported were for forestry activities, compared with more than 6,200 for agriculture (DCA Database, accessed September 2018).

Another USAID option for partnering with the private sector is **Global Development Alliances (GDAs)**. For example, USAID helps fund agricultural activities to move from a grow-harvest-export model to a grow-harvest-process-export model to capture greater economic value in-country. This type of GDA can be valuable for CBFEs. An example of a forestry GDA is the Forest, Climate, and Communities Alliance (2014) that supports certification of forest products and REDD+ preparation in Ghana and Honduras, from which USAID's Conservation Enterprise Learning Group evaluated lessons. Recent CBFE GDA projects in Mexico are allied with the CBFEs themselves rather than with private-sector companies elsewhere along the timber value chain, illustrating the challenges of, and a possible alternative to, incorporating commercial companies into CBFE projects where interested or reliable companies are difficult to engage.

3.4 NATURAL RESOURCE MANAGEMENT FRAMEWORKS

From its 50 years of work in natural resources, USAID has many guidelines, tools, and frameworks to systematize best practice in natural resources management worldwide. Three current frameworks that resonate with CBFEs are the Environmental and Natural Resource Management (ENRM) Framework, the Conservation Enterprise Learning Group's guides and tools, and Nature, Wealth and Power.

The **ENRM Framework** is USAID's guiding document to focus the Agency's projects on environmental considerations, including sound stewardship of natural resources. It will coordinate, unify, and elevate environmental and natural resource management in Agency programming. This approach is critical because environmental degradation is eroding the foundations of the world's livelihoods. Looking forward, maintaining a sound natural resource base is critical to a country's Journey to Self-Reliance. CBFEs promise to bring together communities, governments, civil society, and the private sector to protect natural resources and support economic growth.

The Office of Forestry and Biodiversity's Conservation Enterprise Learning Group focuses on conservation enterprises, with emphasis on how to ensure effective biodiversity conservation investments. The Learning Group defines conservation enterprises as "businesses that generate economic and social benefits in ways that meet conservation outcomes."

CBFEs are a subset of conservation enterprises in that environmental benefits (including biodiversity conservation as an element of sustainable forest management) are one outcome, but the social and economic benefits leading to CBFE self-reliance are equally important outcomes. The Conservation Enterprise Learning Group is one of several sources contributing to the ProLand CBFE Assessment and this Sourcebook; for example, in Annex 2 (Tools 00.1–00.2), on existing guidance and tools.

⁶ <https://www.dfc.gov/>

The **Nature, Wealth, and Power** framework originated in USAID’s Africa Bureau in 2002 and was updated and extended in technical scope and geography in 2013 by the Office of Land Tenure and Resource Management (now Land and Urban) with a “Version 2” subtitled Leveraging Natural and Social Capital for Resilient Development. Annex 2 summarizes the framework’s elements and an evolving “toolbox” for its application (Tools 00.3–00.7).

4.0 PROGRAMMING CBFE INTERVENTIONS

This section summarizes the information needed to design or evaluate a CBFE project based on the enabling conditions introduced in Section 2. It also introduces some existing tools for collecting the required information, with more detail in Annex 2. In addition, the annex references various participatory tools for engaging communities to determine their visions, aspirations, and action plans for managing forest resources and determining whether CBFEs are a desired option. Communal resource plans, such as Life Plans (in many South American countries), village land use plans, or environmental action plans, often already exist in a community. While this Sourcebook is aimed at USAID and implementing partner technical staff rather than community members, participatory whole-community and CBFE internal decisions are essential for formulating project interventions. Community selection by a CBFE project should respect existing plans. However, if those plans are absent or lacking in participation or technical rigor, the project should facilitate an unbiased participatory process to determine whether a timber enterprise is desired by a community, and should assist in determining whether this option is technically and economically feasible.

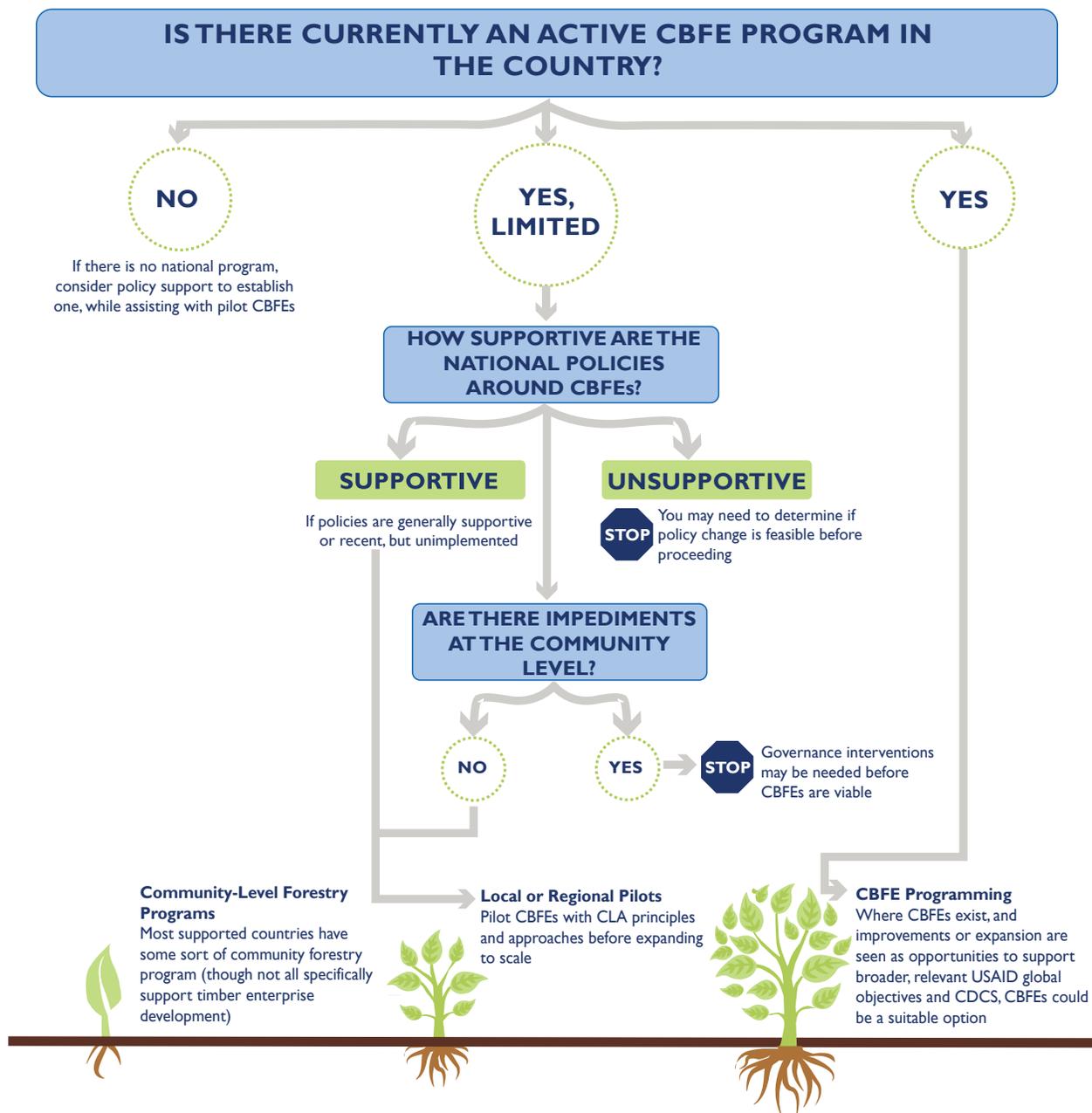
As described earlier, four categories of enabling conditions are desirable for CBFEs to prosper and move toward self-reliance. If these conditions are absent but supporting the establishment of CBFEs remains a desirable objective, then interventions should focus on creating those conditions. **If the enabling conditions are not met or are likely unachievable, other types of community forestry projects that will help conserve forests and their ecosystem services remain valuable** if these are within USAID Mission objectives. Involving communities in forest conservation (in, around, and beyond protected areas) is a critical activity that may also enhance livelihoods through improved non-commercial-scale timber, fuelwood, and NTFP extraction, and ecotourism services. As noted in the ProLand CBFE Assessment, such small enterprises are sometimes spin-offs from knowledge and skills gained during development of other enterprises (Boshoven, 2018). Skills and knowledge acquired in developing functional CBFEs can spur such diversification in community-based enterprises.

4.1 BROAD ASSESSMENT OF CBFE OPPORTUNITIES

This section first addresses higher-level preliminary CBFE project design issues, leading into detailed discussion of using the four enabling conditions to inform design and subsequent implementation in Section 4.2. A series of framing questions introduces a discussion of how to identify potential entry points, followed with a list of relevant tips suggested by key informants to the ProLand CBFE Assessment.

Figure 3 is a decision tree with high-level questions about whether a CBFE project is a good approach to meeting sustainable landscape or conservation objectives.

Figure 3| **CBFE Considerations Decision Tree**



Subsequent framing questions help determine a **suitable CBFE entry point**:

- **Are there impediments at the community level?** Impediments such as conflicts over resources between communities, disputes related to alternative land uses, and lack of recognition of local governance of the model can stunt the growth of CBFEs.
- **Are there geographic location requirements?** In some countries, USAID focuses assistance in specified regions, which will influence where communities are selected for CBFE support.
- **Is there adequate forest and a market?** A timber-oriented CBFE project needs adequate forest resources and market access. If these conditions are not met, a CBFE may not be a suitable option

(though market access is amenable to improvement that may be enhanced by a suite of co-occurring interventions). Geospatial analysis of important forest areas that have CBEF potential and national or international conservation importance can aid in identifying locations. If national capacity in this type of analysis is weak, Global Forest Watch provides useful tools for preliminary analysis (see Annex 2, Tool 0.13). Once potential areas are identified, other analyses suggested in Section 4.2 can then be used to assess feasibility of CBEF development in specific locales and communities.

- **How will a new program best fill gaps and add value to ongoing or planned programs by other agencies (host government, other donors' initiatives)?** Duplication of (or sometimes conflict or competition between) efforts is wasteful and may lead to double counting of results. Table 1, in addition to providing details of CBEF needs in general, can provide a means of systematizing such analysis for fine-grained identification of what partners are doing, making gaps and opportunities readily recognizable. Keeping this matrix updated during implementation also facilitates finding partners to support exit strategies. From a host country perspective, community forestry can contribute to many of the goals and targets of the Sustainable Development Goals and other multilateral agreements, and to those of institutions such as the International Tropical Timber Organization, Reducing Emissions from Deforestation and Forest Degradation (REDD+), and the Convention on Biological Diversity. Similarly, effective and sustainable donor programs need to harmonize with host country strategies, plans, and policies or support changes to them if that is an agreed-upon need. Forestry policy is an obvious inclusion, but land tenure, agriculture, business, market, tax and trade policies, and the transaction costs they entail are often important to CBEF success.
- **What other assessments and analyses are needed?** Table 1 indicates a range of assessments needed to determine and effectively support CBEF programming. Ideally these assessments are completed during design so that a viable project is “ready to go” when awarded. In reality, time and resources often preclude analysis at this level. In this situation the awardee will conduct some of the analyses. The project design should therefore specify, and allow time for, these analyses during an initial project phase, and allow, through CLA, for adjustments to project scheduling and targets accordingly.

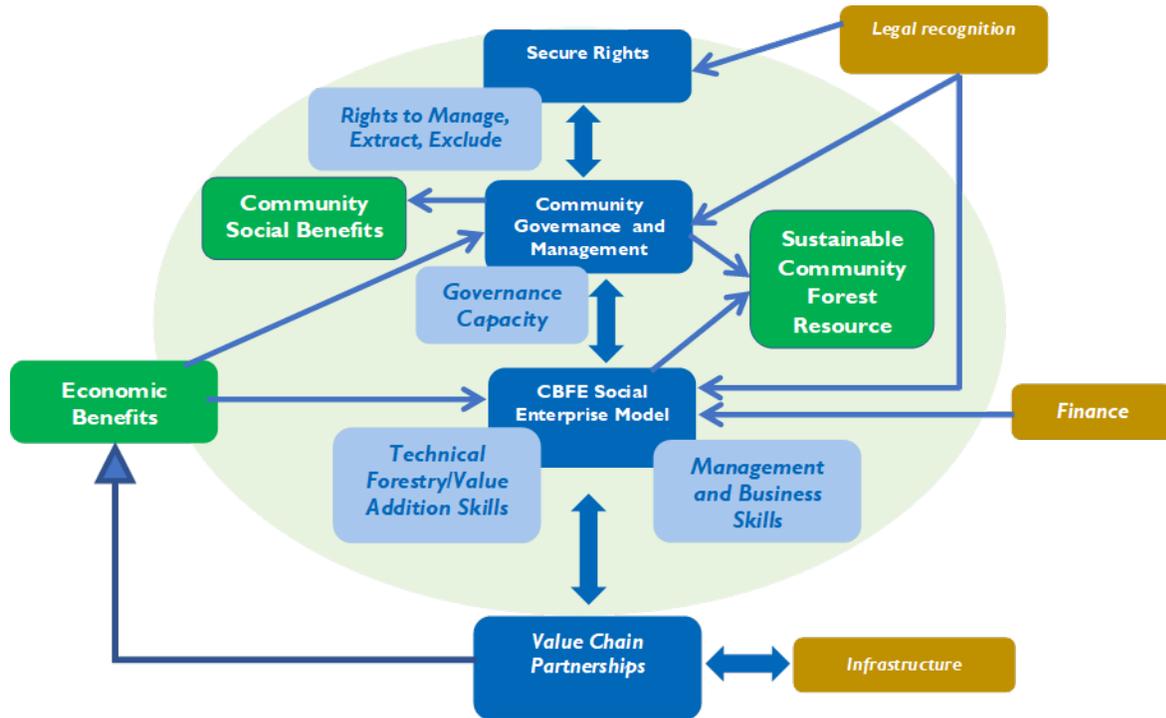
Figure 4 presents a view of CBEFs from a whole-system perspective as an additional check on determining appropriate entry points. This system view emphasizes the need for adaptive management of CBEF programs and projects, as changes in one parameter or linkage may feed back into and call for adjustments to other parameters. As stated in the USAID Private Sector Engagement Policy (emphasis added), “Sustainability refers to the ability of a **local system** to produce desired outcomes over time by obtaining the resources necessary to produce those outcomes. Programs ... strengthen **the system's** ability to produce valued results, to generate or attract needed resources, and be both resilient and adaptive in the face of changing circumstances.” (USAID 2018, p. 9)

In Figure 4, the background oval depicts those aspects of the system that fall within the community itself. The dark blue central boxes are the four CBEF enabling conditions; the green boxes encompass the three classes of outcomes (environmental, social, economic); and the gold boxes capture external alliances required from value chain partners. The light blue boxes identify conditions and requirements internal to the community for engagement in CBEFs. Users can trace relationships within the system: for example, Economic Benefits are partly within the community and partly outside (for value chain partners); these benefits feed back to the Social Enterprise Model for reinvestment and broader community benefits via the community governance mechanisms. Similarly, a sustainable forest resource needs inputs from community

governance and the CBFE Social Enterprise Model.

Analysis of this system to identify and address gaps or weaknesses is an important part of project design. Potential entry points for USAID programming are noted in italics (in essence, rights, capacity, finance, and infrastructure). Prioritization of entry points depends upon circumstances and other analyses elaborated in this section of the Sourcebook.

Figure 4 | A CBFE System Envisaged at Community Level (see text for explanation)



Three phases of CBFEs need consideration in project design and entry point selection: establishment; initial or pilot operations; and expansion and improvement (in skills or activities such as moving toward finished products). The status of CBFEs along this continuum determines the types and sequencing of assistance. Movement through the three phases typically takes several decades due to the capacity development needs in all aspects of CBFE value chains and the long time horizon of sustainable forest management. Consequently, given the period of its project awards (three to five years), USAID should envisage a longer strategic engagement and acknowledge it in design, especially if CBFEs are in the first two phases. USAID and implementing partners should identify and engage other strategic partners (donors, civil society, private sector) throughout to fill gaps in what they can achieve during the project and beyond as part of an exit strategy identified early in implementation (and modified through CLA as needed).

Two caveats apply here: the first on CBFE design and the second on implementation. The complex relationships among public and corporate entities, civil society organizations, and communities can lead to power imbalances, overt or covert, in the political economy of establishing and operating CBFEs. If these aspects are not well understood by project proponents, a Political Economy Analysis⁷ can help identify where these imbalances may hamper a project (Annex 2, Tool 00.12). Early identification of these issues

⁷ See Annex 2:A.2.1 00.12

before or during design (perhaps in CDCS preparation) helps implementers to plan their interventions more successfully.

As noted in the ProLand CBFE Assessment, CBFEs, like other social enterprises and businesses, may fail for many reasons. Project proponents should anticipate that, as with all types of enterprises, not all supported CBFEs will succeed and some may struggle, even while others may prosper in similar circumstances. Nurturing CBFEs is a complex process that requires learning through trial and error. Monitoring, Evaluating, and Learning systems should reflect this reality.

Supplementing the analysis around the framing questions and entry point identification, key informants contributing to the ProLand CBFE Assessment had a range of suggestions that donors should keep in mind when designing CBFE projects. Prominent among their suggestions, many of which we reinforce elsewhere in this Sourcebook, were those addressing the issues of:

- **Commitment:** Donors need to make a long-term commitment and understand the exit options from the outset—even rattan takes 10 to 15 years, and timber takes longer.
- **Critical CBFE start-up needs:** Support capacity, infrastructure, equipment, and transaction costs (and understanding of five capitals: finance, human, social, natural, and manufactured), as well as capacity-building for all engaged and relevant institutions.
- **Community expectations:** Communities can be overambitious; proponents need to establish a realistic scope that recognizes and communicates limitations.
- **Critical value chain elements:** Private-sector engagement outside the community is critical; all stakeholders need to be involved and good communications are necessary from the outset.
- **Divergent needs:** Attend to the divergent needs, interests, and agendas of the proponent and communities (e.g., if conservation or forest carbon hidden or overt agendas of the proponent) and facilitate value chain relationships between the CBFEs and private sector companies.
- **Manage social transition:** Emphasize enterprise management aspects of the common resource, including market and negotiation knowledge and skills and adding value, rather than just technical capacity.
- **Reduce outmigration:** Seek to incentivize youth to ensure demographic sustainability.
- **Fill financing gaps:** If USAID funding streams limit needed activities, ensure other partners are available to fill gaps.

Several key informants felt that **eventual financial autonomy (free of subsidy or societal investment) and stable governance for CBFEs is uncertain and poorly researched**. In poorer countries, with inadequate forestry support budgets (for extension and advisory services, for example); poor access to credit; expensive forest industry machinery; and poor government services such as maintenance of roads for market access, support from external sources may remain important indefinitely. In Mexico, often viewed as a CBFE success story, substantial subsidies are an integral part of government support. These include costly technical inputs, such as preparation of forest management plans (FMPs) and Forest Stewardship Council (FSC) certification requirements, and investment capital for roads and machinery, as well as a requirement (often unenforced) that government procurement source timber from sustainable CBFE production.

One USAID key informant noted that **starting small is important** when establishing CBFEs, even if there is pressure to start on or quickly expand to a large scale. This comment is especially pertinent where CBFEs are a relatively new concept, or new policies are emerging, as a slower scaling rate allows for CLA from issues that arise in that first set of communities or application of new policies.

4.2 ENABLING CONDITIONS AND CBFE PROGRAMMING

Once a USAID Mission has determined that supporting CBFEs is part of its country program, and has determined a likely entry point for projects, more detailed planning requires determining which aspects of the CBF system (Figure 4) need support. Table I at the end of this Section presents a detailed analysis of how to apply the four critical enabling conditions necessary for CBFEs to form and prosper (Figure 1) during project design and implementation.

While Table I provides more detail, the following checklist, derived from its content, summarizes **initial questions to ask in assessing community selection, CBF opportunities, and interventions needed**:

- Is **community tenure sufficiently robust** to establish a CBF project; if not, is it in USAID's interest to begin improving the tenure situation? And are **other policies in relevant sectors** (forestry, other land uses, market, taxation) conducive to CBF development, or will these require project attention?
- Are there functioning **community institutions** in place that can be adopted (or adapted) to govern CBFs and the benefits that accrue, or are new institutions needed?
- Are there currently **viable CBF social enterprise models** tailored to enterprises with a long production cycle (decades rather than seasonal or annual production) in terms of enough resource (quality and quantity) to generate sustainable revenues for reinvestment as well as tangible community benefits? Or will the project itself need to develop such models?
- Is the **timber value chain**, and a range of private, public, and civil society partnerships, in place to support the CBF's institutional and commercial development, and its sustainability beyond USAID's support horizon? Or will all or some of these partnerships need to be established?

Proponents of CBFs need realistic, preliminary answers to these questions before deciding what kind of project is appropriate. Those answers will enable the proponent to initially assess how to apply project support and resources: is it necessary to emphasize policy interventions first, while piloting limited field activities, or are CBFs already functioning well so that interventions focus on the expansion phase, and perhaps enhancing trade opportunities?

Table I provides a fine-grained approach to assessing those questions and a **guide to more detailed intervention planning**; the following subsections provide additional information to clarify actions and options linked to each enabling condition.

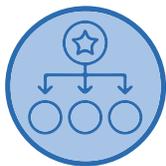


4.2.1 ENABLING CONDITION I: SECURE TENURE AND OTHER SUPPORTIVE POLICIES

Secure forest tenure that allows community access, use, management, and exclusion rights **is essential**. Exclusion in a CBF context means that the community can exclude uses and users that are not compatible with sustainable forest management. Where these rights are absent, achieving community rights to exclude at policy and practical levels is a complex

and lengthy process even when recognized as desirable. Knowledge and skills beyond those required for community forestry are essential (Annex 2, Tool 1.1). If tenure is weaker, alternatives to timber-based CBFEs, such as participatory conservation, joint forest management with government, or other types of resource use (some regulated NTFP collection or ecotourism), are better project interventions. Conservation Enterprise Learning Group guides and tools are especially useful for these types of intervention (Annex 2, Tools 00.1–00.2).

Harmonizing within and across sectors. The value chain linkages described in Enabling Condition 4, all stress the need for harmonizing policies across sectors, reducing silo effects, and integrating private-sector partnerships. While forestry sector institutions and a CBFE project may have limited influence in these respects, other CDCS programming may include projects to reduce these barriers. For example, tax policies promoting community enterprises should recognize the services that CBFEs provide to society (Box 1). Value-added taxes are a barrier to vertical integration of CBFEs if taxation is applied successively to logs, sawn timber, and wood products. Tax concessions for community enterprises might include lower rates of taxation than private companies and/or a one-time tax on the final product of the CBFE to encourage value addition within the community.



4.2.2 ENABLING CONDITION 2: ORGANIZATIONAL CAPACITY

Institutional support at community level needs attention to both governance and CBFE management. In many cases the CBFE is a semi-autonomous social enterprise as a subunit of the whole community (but see Box 3), which has the tenure rights, or an aggregating unit, such as an association or cooperative, combining several

communities or numerous individuals within a communal tenure and benefit-sharing system (see for example Gnych et al., 2020, for community forestry institutional configurations). The CBFE needs capacity development in technical forestry, social enterprise, and administrative skills. Community governance (preferably through existing structures such as village councils and community assemblies, or subunits thereof) needs to recognize the long-term nature of natural resource management and continuity of systems for their use, which span changes in leadership and are resilient enough to meet new market challenges and transformations wrought by climate change.

BOX 3: A COMBINED GOVERNANCE AND MANAGEMENT ARRANGEMENT IN PERU

A separate CBFE management team and community governance arrangement is preferable. However, in Peru there are communities where a rudimentary CBFE is governed and managed by the whole community. In some cases, the Community Assembly of all adults made both governance and day-to-day management decisions about forest management, including timber extraction. The arrangement worked because the communities were small (a few hundred people); all households were in a compact village (easing opportunity costs of meeting); and there was little or no vertical integration of the timber enterprise (in most cases the community made felling and sales arrangements with a single timber company).

Nevertheless, if timber operations become more complex and vertically integrated, and occur in larger, more dispersed communities, community governance and enterprise management should likely be separated.

Source: ProLand (2020d)

Box 4 describes one approach adopted to institutionally stabilizing changes in governance-enterprise relationships.

BOX 4: GOVERNANCE INNOVATION IN AN INDIGENOUS CBFE IN MEXICO

Like many community-based enterprises, Mexican CBFEs are governed by local representatives (the *comisariado* in the case of indigenous communities) whose service is limited to a few years. While this required rotation of leadership avoids concentration of power and spreads the burden of often unremunerated service, it can create a lack of continuity and limit the long-range planning and investment necessary for CBFE development. The indigenous Rarámuri community of Cabóráchi in Chihuahua, has made considerable strides over the last decade, which community leaders attribute to creating two new, permanent and legally-recognized entities that guarantee continuity through *comisariado* rotation. One is an enterprise administration made up of permanent, paid staff dedicated solely to running the CBFE. The other, called a “consultative committee,” (but officially part of the community governance structure), comprises community representatives who rotate out only in years when *comisariado* leadership does not change. Both are cited as critical checks on the power of the *comisariado*, which many say held back CBFE development in the past. (Source: ProLand Mexico second field report, forthcoming)

These governance systems also need the understanding and skills that ensure the CBFE delivers agreed-upon benefits to the community, while recognizing that the CBFE needs to retain enough revenues for reinvestment. For aggregating CBFEs (see below), several community governance institutions will need representation on the CBFE’s governance body (such as a board). While many development organizations offer business development training, especially for individual and/or seasonal turnover businesses (most agribusinesses), based on observations during the country validation trips such capacity-building for timber CBFEs is often ineffective (ProLand 2020a, b, c). A new approach could help overcome such constraints by:

- Emphasizing the social enterprise nature of CBFEs and ensuring that both the enterprise workers and the community governance body receive tailored knowledge and skills in forestry business needs and community benefits.
- Recognizing the long turnover (often 20 years plus) for a planting (or regenerating) to harvesting cycle for a given stand of trees and managing enterprise and community expectations accordingly. A CBFE operating in existing natural or seminatural forest will realize income early on from its harvest in the portion designated for the first cut, whereas new plantings on farm or in a woodlot, for example, will experience significant costs before income accrues from timber.

4.2.3 ENABLING CONDITION 3: SOCIAL ENTERPRISE MODEL



Fundamental to any CBFE is making enough profit to reinvest in the enterprise itself as well as providing some agreed benefits to the whole community. Little unequivocal evidence is available on profitability and potential income from timber as a primary product and additional value of diversifying into secondary products and services (Box 5). **Economic and financial analyses should be conducted to determine CBFE value chain placement and corresponding business model options.**

Analyses should account for the whole CBFE system (Figure 4), societal benefits, and the need or desirability of external investment (or subsidy) as discussed above.

BOX 5: ARE TIMBER-BASED CBFES PROFITABLE?

Although reliable data are scarce, a study of 30 CBFES in Mexico concluded that not only were they net profitable, but that on average 90 percent of income came from timber, while only 7 percent and 3 percent, respectively, came from NTFPs and ecosystem service payments (Cubbage et al., 2015). Similarly, in the Gambia, almost 80 percent of CBFES net income was from timber with the remainder split among fuelwood, honey, handicrafts, and palm products (Thoma & Camara, 2005). Nambiar (2019) goes further in concluding that there is little evidence that NTFPs and REDD+ payments significantly impact poverty, whereas wood products have great potential to do so. For example, ProLand visited one community in Peru where each family received approximately \$500 (US) per month as a share of timber revenues (ProLand 2020d).

In countries where CBFES often consist of many aggregated smallholders with small areas of planted forest, more emphasis on a mix of products may be required to increase individual benefits and strengthen CBFES business viability. Smallholder or community woodlot and agroforestry systems are common in some African and Asian countries.

Capacity-building for social enterprise skills depends on the realizable capacity of the CBFES related to its value chain position from contracting harvesting and processing to sale of finished products. The Rainforest Alliance describes this gradation of possible configurations, depending on the size, age, and capacity of the CBFES (Hodgdon et al., 2013), summarized as:

1. Selling timber on the stump for third-party harvest;
2. Participation in some aspects of harvesting and marketing, but third parties handle the balance;
3. Primary transformation, infrastructure, and commercialization capacity for timber products;
4. Primary and secondary industry (finished products) and commercialization capacity.

Technical forestry, timber, carpentry and marketing skills needed by CBFES members increase along this gradation, but even when selling on the stump an understanding of how to value timber resources is necessary. Appropriate technical capacity-building across subject matter to match the level of vertical integration desired is essential in CBFES projects.

CBFES social enterprise models also vary depending on whether trees grow and are harvested from:

- Communal land in natural or seminatural standing forest,
- Community-managed forest plantations or woodlots on communal land, or
- Individual plots of land managed or planted with trees by smallholders (typically in agroforestry systems), whether individually titled or granted to individuals under a communal tenure system.

These two dimensions of a CBFES social enterprise model (value chain position and land-holding type), along with the three temporal phases introduced in Section 4.1, can help a project designer identify the current situation in areas where interventions are planned, or help a project implementer determine what it is trying to achieve. Is it natural or planted forest, or both? Is it a new CBFES with little capacity selling on the stump, or an established one capable of vertical integration? Is it a well-established CBFES with potential for increased sustainable production and/or production of finished products?

New CBFES should focus on the earlier stages of the value chain and gradually move to integrate higher levels as they mature. The types of project assistance selected should reflect this realizable capacity (relative to the project cycle) and build capacity and provide other types of support to the CBFES accordingly. For

example, equipment needs increase along this sequence and USAID may wish to provide equipment or loan guarantees to obtain the equipment given the difficulty of CBFEs obtaining credit. Increasing vertical integration, such that the CBEF takes on a wider spectrum of value chain activities is often desirable, but difficult to achieve. One analysis of developing countries found no successful examples of a high degree of CBEF vertical integration except for mature community operations in Mexico (RECOFTC 2015). However, the ProLand Mexico field trip report in December 2018 noted significant vertical integration in only a few of hundred CBFEs, even with Mexico’s long history of community forestry (ProLand 2020a). ProLand’s field visit to Indonesia confirmed that pushing for vertical integration too rapidly may lead to weakened or failing timber cooperatives if the integrated enterprise model depends on significant external support to carry out its value chain functions and that support subsidies (ProLand 2020b).

In many cases, a tiered institutional arrangement is valuable (Figure 5), as elaborated in the ProLand CBEF Assessment, with individual community CBFEs (or individual agroforesters or woodlot managers in smallholder situations) at the base, an aggregating level of CBFEs comprising a cluster of individual CBFEs in geographical proximity, and a national association (or subnational associations, such as those at regional, provincial, or state levels, where strong decentralization is prevalent). Some CBFEs, especially larger ones with a high-value product and vertical integration along the value chain, function well without the need for other levels. In brief, the three levels typically have the following functions.

Figure 5 | Tiers of CBEF



At the national/regional levels, civil society organizations may have a mandate to support or advocate for CBFEs. As noted by a key informant who has provided such support, in these cases, which are often donor supported, there is a danger of developing an agenda divergent from CBFEs’ interests (thereby requiring an accountability mechanism), or sustainability issues if they are donor-dependent.

When developing a CBEF project, USAID should carefully consider whether and how to support each level itself, or in collaboration with government and other donors. All three levels need investment, at least in the initial stages. The aggregating level is useful in efficiently applying project resources, provided the individual CBFEs recognize the need for the additional level (given opportunity and transaction costs) and that a good business case exists for its eventual sustainability. These second-tier organizations tend to be more successful where they evolve organically and clearly add value for their members, and where there is a well-balanced separation of powers and responsibilities. Avoiding conflict of interest (both real and perceived) is challenging in second-tier businesses marketing multiple CBEF member products, since these enterprises need to balance their own internal management needs with community interests, transparency and accountability.

4.2.4 ENABLING CONDITION 4:VALUE CHAIN PARTNERSHIPS

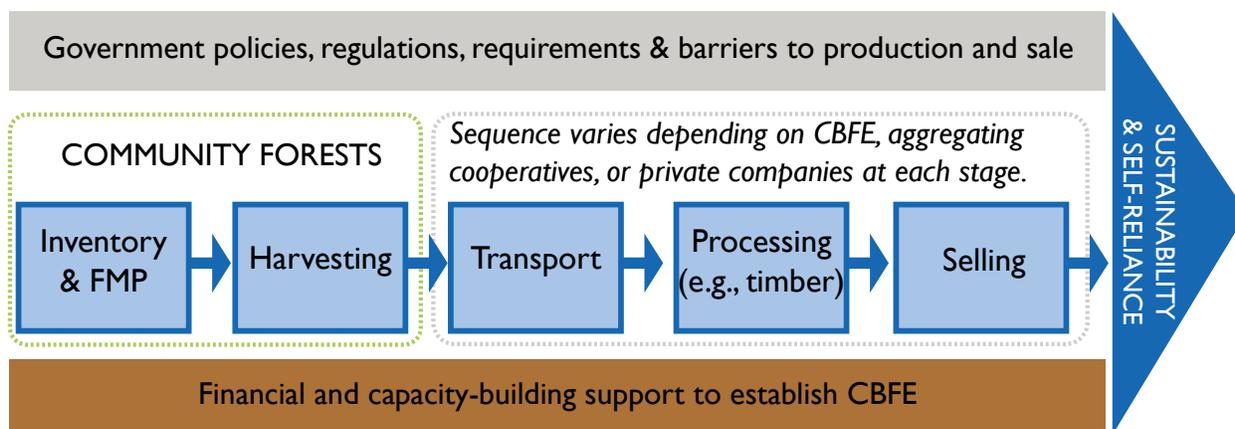


Project design should analyze the entire CBFE value chain to identify all links and ensure that it supports all, if necessary. **ProLand uses a broad value chain concept that includes investments from donors and government because we regard these as essential and continuing inputs** to a viable national CBFE system in most cases. In this context, government is potentially an important value chain actor through investment in CBFEs (see Sections 1 and 2 comments on subsidies) as well as a purchaser of wood or wood products for its own procurement needs.⁸

Establishing strong partnerships with other private sector entities is especially important in achieving sustainability and self-reliance in CBFEs. Figure 6 shows the CBFE timber value chain components (adapted from Pulhin & Ramirez, 2016). Some value chains do not require private sector engagement. For example, in Mexico the federal government is the main investor in CBFEs through a range of goods and services (see above) as well as a significant buyer of products made from CBFE timber. On the other hand, in Indonesia, where little government support for CBFEs exists, nongovernmental organizations and the private sector play a much larger role. Some CBFEs with sawmills provide these services to CBFEs without such equipment linking two CBFEs along the value chain.

Ideally, **a blend of investment and operational finance will best meet the long-term goal of CBFE sustainability.** Government and donor investment will remain important, but reliance on them can limit entrepreneurial vision and the prospects for a self-sustaining enterprise. Recent experience in Guatemala and Mexico suggests that blended finance mechanisms can improve access to credit. Such mechanisms are more successful if they tailor lending to the specific needs of forestry producers, build technical assistance into financing packages and prioritize CBFEs with active purchasing agreements with responsible buyers (Comisión Nacional Forestal, 2018, Rainforest Alliance case studies, Annex 2-3.2).

Figure 6 | The CBFE Timber Value Chain Components



⁸ In Mexico, policy requires government procurement from CBFEs producing sustainable timber, though the policy is often ignored.

Engaging private sector firms in substantive, long-term relationships supporting forest management, harvesting, and sale of timber or finished products is not guaranteed. These partnerships are complex to establish, and few models have wider application. While some private-sector companies that buy CBFE timber or finished products have well-established relationships with community (or smallholder) producers, many others do not seek—or have abandoned—such relationships. Reasons include (Murphy & Lawhon, 2010; Vidal, 2005):

- A mutual lack of trust between buyer and community and/or with nongovernmental organizations (NGOs) when they attempt to facilitate such arrangements;
- Lack of CBFE understanding of markets, contracts, and business ethics, and lack of reliable supply and consistent quality;
- Corrupt logging or timber purchasing companies and/or government or community members;
- History of low prices and exploitation by buyers; and
- Unrealistic expectations of the relationship by the community.

During Peru field work the ProLand team confirmed these problems and misunderstandings from the community perspective and the resulting **need for a trusted and knowledgeable intermediary** between communities and timber companies (ProLand 2020c). One timber company representative noted that a five-year engagement is needed to offset its investments in community forests, but that turnover in elected community officials every two years often led to problems in maintaining a previously agreed-upon relationship (see Box 4 for an approach to this electoral turnover issue).

Capacity-building efforts need to recognize the different operational modes and philosophies of CBFEs as community-based social enterprises and private for-profit companies. The long-term nature of the timber production cycle requires durable and patient relationships to a degree not needed for short-cycle agricultural products. For example, negotiation and business (as a social enterprise) skills need emphasis, along with support for mutual trust-building and understanding of CBFEs and the private sector, and appropriate government regulation.

4.3 EQUITY AND GENDER INTEGRATION

The ProLand CBFE Assessment showed that donor-supported CBFEs often do not provide equitable benefits by reducing poverty among poorer sections of communities, nor do they effectively promote gender integration over short periods typified by the project cycle. These desirable outcomes are often integral requirements of USAID programming, including CBFE projects. In situations that require such emphases, USAID should provide additional resources, reflected in project finance and staffing, and specify realistic targets for these results over the project period. With these caveats, CBFEs are potentially important actors in community prosperity and equity.

Some key informants in the ProLand CBFE Assessment noted that over the long term (beyond the normal project cycle), prosperity of the community improves because CBFE benefits could have a trickle-down effect on poverty, and that through improved education (potentially sponsored by CBFE revenues), women could gain voice, status, and opportunity in CBFE governance, management, and operations. Some informants stressed that CBFE development should at least do no harm to disadvantaged groups by, for example, ensuring that development does not exclude them from access to essential resources in community forests.

When designing projects, proponents should understand the existing situation in national policy and community socioeconomic and power dynamics and make special efforts to engage the poor and women in improving equity across all enabling conditions in tenure, community governance, CBFE management and operations, and in receipt of benefits. Box 6 contains an example of a fundamental gender-based tenure and governance issue in Mexico and a proactive “contractual” approach to advancing gender inclusion in Uganda.

In design and implementation of projects the following factors are important:

- Understand the background to specific equity issues in target communities and determine potential routes to improvement before making assumptions about how best to address these context-specific issues. For example, a CBFE project is unlikely to influence Mexican constitutional rights (Box 4) but may succeed in improving women’s status and roles in CBFE operations or seek to improve benefit distribution for poorer community members.
- Ensure that the project includes significant resources (budget, specialist personnel) to analyze barriers and implement inclusion activities for women and poorer community members, such as training of project staff, community members, and other stakeholders to carry out these activities. Do not assume that good intentions will work without additional resources.
- Look for ways to “require” gender equity for project inclusion if deemed an appropriate potential route—for example, the Environmental Conservation Trust of Uganda approach in Box 4. Another option is to seek communities with leaders wishing to advance poverty reduction and gender inclusion, and to use this willingness as a criterion for selecting communities to work with the project. Many countries have strong policies favoring gender equity, but implementation of those policies is weak. Projects can exert leverage to improve implementation of these policies in CBFEs.
- Set realistic goals and targets for community benefit and gender indicators for the life of the project. Timber interventions are typically male dominated in terms of production forestry techniques—a factor reinforced by men often dominating in activities with significant cash income. Building technical and social enterprise capacity for CBFE operations is inevitably slower if incorporating disadvantaged community members (who are likely less well educated and have less time available to engage). Trade-offs between kick-starting an enterprise and social inclusion in the CBFE and equity in benefit distribution are inevitable, and especially acute in long-life cycle products such as timber compared to the typical length of donor projects.

BOX 6: OBSTACLES TO, AND OPPORTUNITIES FOR, GENDER INTEGRATION

As Section 2 and the ProLand CBFE Assessment note, adult men tend to dominate CBFE operations and are often the most direct beneficiaries, though social benefits mediated through governance structures may provide broader benefits, such as education and health facilities for all community members.

For example, in Mexico only male heads of founding households are recognized as members of the *ejido* community governance structures as defined in the national constitution. Nevertheless, a few CBFEs have women in prominent management positions (ProLand 2020b).

In contrast, the Trees for Global Benefits project of the Environmental Conservation Trust of Uganda (ECOTRUST) requires that both female and male heads of households are signatories to the project’s Plan Vivo forest carbon agreements. This proactive type of gender integration is probably more acceptable and better implemented by a local entity, such as ECOTRUST, than as a specific donor requirement (Deshmukh, Sosis, & Pinjuv, 2013).

- Use project resources to support product diversification that includes opportunities for poorer community members or that favor women, such as tree nurseries as well as CBFE income-generating spin-offs such as NTFPs, crafts, tourism services, and local micro-credit institutions. The Conservation Enterprise Learning Group retrospective study notes that such diversification is a common factor in conservation enterprises over time, even if not envisaged in the original project design (Boshoven, 2018).

4.4 A GUIDING MATRIX FOR CBFE DESIGN AND IMPLEMENTATION

Table I is a detailed framework and tool that project designers and implementers can use to formulate and adaptively manage CBFE projects using the four enabling conditions.

Within the section for each enabling condition, the **Status column** allows the designer or implementer to identify current understanding, while the **Actions/Options column** provides the types of action relevant to that status. For example, if current tenure status does not include the community’s right to exclude other activities in the forest, then a project designer or implementer should seek this right *de facto* as an interim measure through government concurrence, while also advocating for and supporting policy change to enable this right *de jure*. The **Comments column** provides additional explanation or information. For instance, an aspect of assessing the status of the Social Enterprise Model Enabling Condition requires understanding whether CBFE revenues “[are] sufficient for reinvestment.” If this is not known, then one action/option is to conduct an “economic/financial viability analysis.” If the CBFE revenues are known and likely to be insufficient or a poor incentive for CBFEs, another action/option is to “advocate for favorable terms for CBFEs relative to larger commercial timber companies.”

While such action/option statements may seem overly broad, remember that the Sourcebook is intended for use in all relevant USAID presence countries. More specific proposals are highly dependent on context. ProLand’s Mexico verification visit suggests possible policies (and effective implementation) that might include using favorable value added tax rates or exclusions for CBFEs or applying policy more rigorously such that all government procurement of timber must come from sustainable community production (ProLand 2020a).

Table I is, in effect, a project decision-making tool akin to a complex decision tree, albeit in matrix form. The Actions/Options column provides the decision points guiding effective design or implementation.

Annex 2 provides additional tools and guidance developed by a range of institutions for a variety of purposes, which give more detailed, analytical and prescriptive methods for use during project implementation. We divide these tools into three categories.

USAID materials. Guides and tools listed are not comprehensive from all compliance perspectives but include those especially relevant to CBFEs. (Numbered as a 00 series.)

Foundational, Cross-cutting, and Integrative Tools. These guides and tools, mostly developed by international agencies and groups, provide information useful in contextualizing and framing CBFE projects. (Numbered as a 0 series.)

Divided by Four CBFE Enabling Conditions: Tenure and Other Policy Issues; Governance and Management Institutions; Social Enterprise Model; and Value Chain Partnerships. (Numbered as series 1 to 4, respectively.)

The tools and guidance presented are chosen for potential wide applicability, though some were developed in specific regions. Nevertheless, project developers and implementers should first determine whether any of these tools have been used successfully in-country, or whether successful country-specific tools exist, and review these for applicability before seeking other tools. Although more than 30 guiding institutions and instruments are listed (many with more detailed subdivisions) the list is not comprehensive, and the tools listed are not ranked for “usefulness.” This latter condition depends upon program- or project-specific requirements and may differ for a project developer looking at broader circumstances and an implementer looking for more detailed tools applicable to particular communities or types of communities. However, descriptions of each tool should provide enough information to determine which are worth reviewing for increased understanding of CBEF issues, or for project-specific application.

Table 1 includes reference numbers that link to specific tools in Annex 2. Numerous case studies exist to support many of these tools. Project designers and implementers may wish to locate case studies from their own countries and regions to inform their projects (see Figure 7). USAID project designers and implementers should review the 00 series tools in Annex 1 before proceeding (or as a reminder during implementation), while all CBEF project implementers will benefit from the 0 series tools.

Figure 7 | Countries Represented in Tools and Case Studies in Annex 2

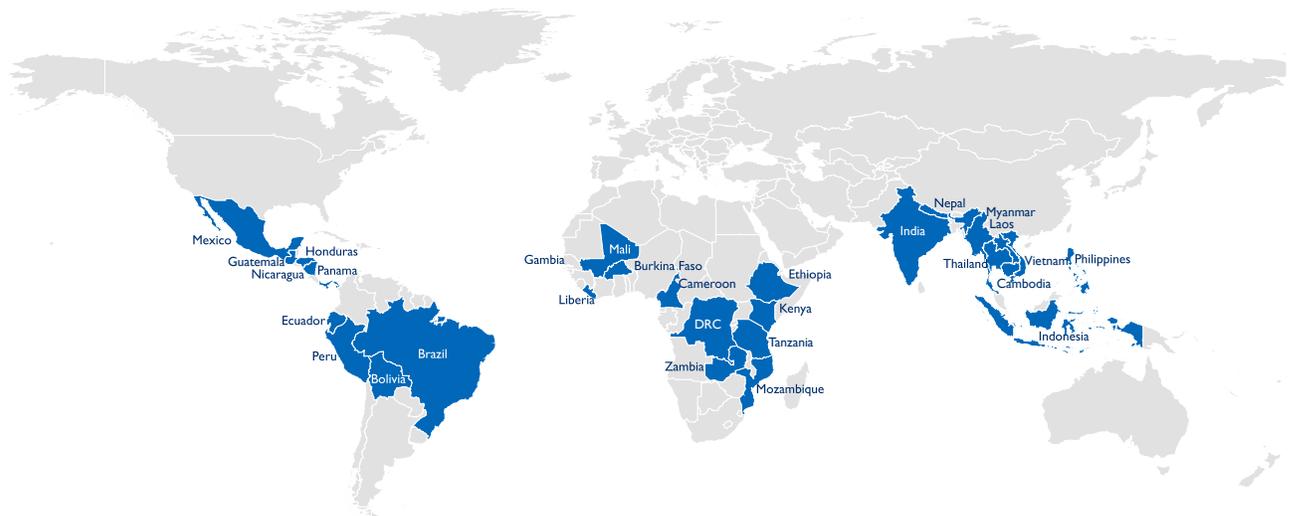


Table I | A guide to assessing actions and options relative to the four categories of enabling conditions when developing or implementing a CBF program or project

Reference numbers in boxes denote where to find guiding documents and tools in Annex 2 that can assist in assessing the status of some of the enabling conditions and support actions for strengthening them.

Enabling Conditions	Status	Actions/Options	Comments	
 SECURE TENURE AND OTHER SUPPORTIVE POLICIES				
1.1 0.06	Tenure	Ownership of land and trees thereon	<ul style="list-style-type: none"> CFBE feasible, proceed to other conditions 	Includes right to harvest and sell trees (subject to any forestry policy requirements)
		Access, management, exclusion rights	<ul style="list-style-type: none"> Confirm land use rights are not too time-limited for CBF 	A CBF needs several decades to practice sustainable management; some national use-right regimes are too short to encourage long-term forest management thinking and investment
		Access, management rights only, or less	<ul style="list-style-type: none"> Seek <i>de facto</i> exclusion for activities detrimental to CBF Seek <i>de jure</i> exclusion for activities detrimental to CBF 	If only <i>de facto</i> exclusion, should seek policy change for CBF viability If support for change is clear, may be possible to pilot CBF and build capacity in parallel with policy change
Other policies (assuming secure tenure)				
1.2 2.4	Forestry	Forest policy and institutions support CBF	<ul style="list-style-type: none"> CBF feasible, proceed to other conditions Build implementation capacity in forestry sector 	Supportive policy often present but implementation experience may be weak (for example, if illegal timber is not controlled, may make legal timber uncompetitive) Policies need to recognize long-term investments required for successful CBFs
		Forest policy and institutions allow CBF but do not actively support	<ul style="list-style-type: none"> Sector policy and institutional analysis Seek policy/institutional change to support CBFs Build implementation capacity in forestry sector 	Understand why policy gap exists; develop rationale for support and assist in change and operationalization If support for change is clear, may be possible to pilot CBF and build capacity in parallel with policy change
		Forest policy and institutions negative	<ul style="list-style-type: none"> Sector policy and institutional analysis Seek policy/institutional change to support CBFs THEN: Build implementation capacity in forestry sector 	

Enabling Conditions	Status	Actions/Options	Comments
0.11 Land use and environment	Other land use and environment policies allow CBFE	<ul style="list-style-type: none"> • CBFE feasible, proceed to other conditions • Promote CBFE development while building capacity for integrating community forestry in land-use planning 	<p>Supportive (or non-conflicting) policy may be present, but implementation experience may be weak</p> <p>Build understanding of integrated land use in CBFE and other stakeholders</p> <p>Environmental compliance and permitting (sometimes separate from forestry sector) for national requirements or USAID may require additional support</p>
	Other land-use policies conflict	<ul style="list-style-type: none"> • Land use policy analysis • Seek to harmonize policy to support CBFE • Build capacity for integrating community forestry in land-use planning 	<p>Understand why policy conflicts and gaps exist (such as agriculture or mineral extraction); develop rationale for support and assist in change and harmonization</p> <p>If support for change is clear, may be possible to pilot CBFE and build capacity in parallel with policy change</p>
Business	Market/commerce/trade policies allow CBFE	<ul style="list-style-type: none"> • CBFE feasible, proceed to other conditions • Build capacity for CBFES to understand and implement applicable/required business policies 	<p>Developing business orientation in the context of social enterprises and skills is critical for CBFES</p>
	Market/commerce/taxation/trade policies conflict with or discourage CBFE	<ul style="list-style-type: none"> • Policy analysis (CBFE social enterprise aspects) • Seek to advocate for removal of impediments • THEN: Build capacity for CBFES to implement 	<p>Understand why policy conflicts or gaps discourage; develop rationale for support and assist in change and harmonization</p> <p>If support for change is clear, may be possible to pilot CBFE and build capacity in parallel with policy change</p> <p>Tax policies should favor social enterprises over private companies as former benefit society (Box 3)</p>
Other sectors	Other sectoral policies neutral or supportive	<ul style="list-style-type: none"> • CBFE feasible, proceed to other conditions • Confirm through policy analysis 	<p>Build understanding of policy environment in CBFE</p>
	Other sectoral policies conflict	<ul style="list-style-type: none"> • Policy analysis • Seek to harmonize policies • Build capacity for CBFES to implement 	<p>Understand why policy conflicts or gaps exist; develop rationale for support and assist in change and harmonization</p> <p>If support for change is clear, may be possible to pilot CBFE and build capacity in parallel with policy change</p>
Policy advocacy	CBFE policy and practice processes active and adaptive	<ul style="list-style-type: none"> • CBFE feasible, proceed to other conditions 	<p>Need CLA approach to developing, implementing, and improving policy with recognized voice for community/CBFE interests</p>
	CBFE policy and practice absent or weak	<ul style="list-style-type: none"> • No definite CBFE impediment • Seek to support advocacy accountable to CBFES 	<p>Advocacy may come from a regional/national CBFE membership organization, NGO, academia, etc.; likely to need donor support and visibility initially</p>

Enabling Conditions	Status	Actions/Options	Comments
	Transaction costs	<ul style="list-style-type: none"> Assessment and analysis along value chain Advocacy for reduction, especially at CBFE end of chain 	Widely viewed as too high for CBFEs re: establishing tenure, FMPs, certification (when applicable), transport of products, etc. Bureaucratic and technocratic requirements tend to favor larger corporations over CBFEs



ORGANIZATIONAL CAPACITY

Community governance institution 0.05	Community governance system present that covers or can include CBFEs	<ul style="list-style-type: none"> CBFE feasible, proceed to other conditions (existing system may need extending to cover CBFE) 	If no history of governing CBFE, will need capacity-building to understand long-term nature of forestry social enterprise
0.07–8 2.1–2.4	Needs creation	<ul style="list-style-type: none"> Analysis of existing community governance bodies and processes Integration of CBFE governance into existing structures Support for development of community governance structures 	Better to use existing structures and processes if suitable rather than creating new ones Even if policy dictates a specific CBFE governance body, better to develop as part of existing structures, but build capacity to govern CBFE specifics Try to avoid forestry silo effect separating from other land uses and sectors
CBFE management structure	Management structure in place	<ul style="list-style-type: none"> CBFE feasible, proceed to other conditions (management structure may need strengthening) 	
2.1 2.3	Needs creation	<ul style="list-style-type: none"> Support participatory development of CBFE management body accountable to community Build CBFE management capacity (social enterprise, technical, administrative) 	CBFEs normally need a degree of separation from community as a whole to operate effectively as a business with specialized skills; governance body (above) ensures accountability to community for use of community-tenured resources
CBFE Capacity	Sufficient	<ul style="list-style-type: none"> CBFE feasible, proceed to other conditions 	May wish to focus CBFE program on other aspects, such as improving policy, market, etc.
	Missing elements		

Enabling Conditions	Status	Actions/Options	Comments
	Gender 0.05 0.07 2.3	<ul style="list-style-type: none"> Analysis of existing capacities to determine type and degree of support for capacity development including technical, social enterprise, administrative, and gender inclusion 	<p>If CBF E is newly established, will likely need capacity building across all skills, but degree and type may vary depending on nature of CBF E and whether it conducts or contracts different services (such as inventory, harvest, etc.)</p> <p>For gender issues see Section 4.3</p>
Aggregation level (whether single community enterprise or several communities aggregated for economy of scale)	Not needed	<ul style="list-style-type: none"> CBF E feasible, proceed to other conditions 	If the CBF E is large or otherwise well-resourced it may be more efficient for it to access goods and services, and conduct processing and sales itself (including marketing of products)
	Desirable, present	<ul style="list-style-type: none"> CBF E feasible, proceed to other conditions 	If aggregation is present but there are problems with the second-tier enterprise, investments should support improvement of the aggregation model, while maintaining focus on member producers
	Desirable, absent	<ul style="list-style-type: none"> Assess feasibility of establishing aggregator intermediate level to determine cost effectiveness If feasible support development of appropriate intermediate bodies serving several neighboring CBF Es 	<p>If efficient access to goods and services requires economy of scale, initial set-up and operation subsidy (capacity and finance) may be required, with view to longer-term self-reliance</p> <p>The aggregator should operate as a business or social enterprise that adds value to and is accountable to the CBF Es it serves (a cooperative, for example)</p>



SOCIAL ENTERPRISE MODEL

0.1–0.4 3.1–3.6	Adequate forest resource for sustainable use 00.3	<ul style="list-style-type: none"> Assessment and analysis for supported CBF Es Full inventory (to extent required for FMP with harvest) 	A large area with good timber is needed for viable CBF E—or possibly smaller areas with aggregation tier linking a cluster of CBF Es
	Appropriate CBF E value chain position	<ul style="list-style-type: none"> Assess CBF E capacity for harvest and interest in value addition Build capacity as appropriate (supervision of commercial loggers; CBF E logging; CBF E value addition; market information; selling) 	Spectrum: timber on-stump to finished products (see narrative) Social enterprise models need to recognize the necessity of private sector value chain actors depending on realistic community aspirations and capacity for services needed
	Revenues sufficient for reinvestment	<ul style="list-style-type: none"> Economic/financial viability analysis of CBF E 	CBF Es must aim for internal fiscal self-reliance and have a social enterprise model that allows for

Enabling Conditions	Status	Actions/Options	Comments
		<ul style="list-style-type: none"> Advocate for favorable terms for CBFEs relative to large commercial timber companies 	reinvestment after meeting all obligations, including taxes and depreciation
	Revenues sufficient for social benefits	<ul style="list-style-type: none"> Economic/financial viability analysis of CBFEE Participatory agreement by community on realistic benefit expectations 00.4	As CBFEE uses community-tenured forest resources, it needs to aim to make enough revenue to contribute to community development, through cash payments to community members and/or in provision of improved services such as education, health, connectivity to markets, etc.
	Finance available	<ul style="list-style-type: none"> CBFEE feasible, proceed to other conditions 	May need analysis to determine whether sustainable for eventual self-reliance or whether continuing investment is needed (see Box 3) – sources of finance include public investment/subsidy, payments from buyers and commercial loans
	Finance not available 0.5 4.1	<ul style="list-style-type: none"> Analysis of types and amounts of financing needed for eventual self-reliance Direct project support of financial needs Work with other agents (public, private) to fill financing gaps 	Credit availability to community organizations through formal private channels is a large impediment in most situations for collateral and trust reasons—loan guarantees (such as DCA) is one option CBFEEs may initially lack capacity to access USAID sub-grants Direct project support may include purchase of forestry equipment (such as sawmills, skids) as a start-up subsidy equivalent to capacity-building
	Market accessible	<ul style="list-style-type: none"> CBFEE feasible, proceed to other conditions 	CBFEEs may not be viable or competitive if very remote from markets due to distance or lack of transport infrastructure (road or waterway)
	Market remote from CBFEE	<ul style="list-style-type: none"> Viability analysis for subsidizing improved access infrastructure If favorable, support infrastructure development directly or through advocacy 	



VALUE CHAIN PARTNERSHIPS

0.1–0.4 4.2–4.3	Supply of needed goods and services	<ul style="list-style-type: none"> Needs and availability analysis Build capacity of CBFEE to understand and negotiate with value chain partners Identify trusted intermediaries (if needed) to link community to value chain partners 	Will depend on role of CBFEE as on-stump seller, harvester, processor (Section 4.1.2) Through project design and support, CBFEE may evolve toward adding value itself Trusted intermediaries are often critical to establishing and maintaining community governance
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Enabling Conditions	Status	Actions/Options	Comments
			<p>understanding of and CBF E links to other value chain actors (Section 4.2.4)</p> <p>Opportunities likely exist to support capacity-development in other private-sector value chain actors to support CBF E s and work with public sector to reduce value chain impediments (such as formal or “informal” road checks) while ensuring realistic standards and safeguards</p>
	Markets	<ul style="list-style-type: none"> Assess market opportunities for CBF E s among value chain actors Build market understanding where needed (especially CBF E) Investigate/promote government procurement of community timber and products 	<p>Develop an understanding of market potential and role of CBF E (access to timber on-stump, harvester, processor) and other actors; is main market local, regional, national, international, and what requisite standards (and their costs) apply?</p> <p>Certification (such as FSC) may be worthwhile for high-value timber, especially for international markets with a reliable buyer who may help to cover management and transaction costs</p>
Finance	<p>0.5</p> <p>4.1</p>	<ul style="list-style-type: none"> Assess funding needs and availability along value chain for viability and potential areas for support Build capacity for responsible private-sector actors to access finance for improved CBF E operations 	<p>See “Social Enterprise Model” section above</p> <p>Private-sector forestry actors may have better access to technical skills and commercial finance, which they can use to provide support to CBF E s or their intermediary organizations</p> <p>Project may assist in developing private sector (self-) interest in robust CBF E s and ensuring realistic social and environmental standards and safeguards apply</p>
	Technical assistance	<ul style="list-style-type: none"> Assess technical skills and gaps along value chain Build capacity for understanding of and skills needed for sustainable forest management and CBF E self-reliance among other value chain actors 	
	Transport infrastructure adequate	<ul style="list-style-type: none"> No impediment 	
	Transport infrastructure inadequate	<ul style="list-style-type: none"> Direct assistance in road improvement Advocacy for improvement 	<p>Work with value chain actors to lobby appropriate government level for improved road access</p> <p>If not available, CBF E s likely to remain weak as income generators for community unless a strong local market exists (with ability to pay market price)</p>

ANNEX I: REFERENCES

This reference list refers to the preceding narrative section of this document. Additional references to existing guidance and tools are in Annex 2. The ProLand CBF Assessment includes a comprehensive CBF bibliography of 187 references.

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ANNEX 2: RESOURCES RELEVANT TO CBFE PROGRAMS

Numerous agencies and authors have developed useful resources specifically for, or applicable to, CBFEs. Anyone developing or implementing community forestry programs should review these resources and determine which are useful to their own programmatic initiatives. Several result from USAID’s own work and that of its implementing partners.

We classify these resources as follows:

1. Policies, requirements, frameworks, guidance, and tools developed by USAID and relevant to cross-cutting program design and implementation issues particularly relevant (but not limited) to CBFEs. A few USAID-developed guidance items specific to the four CBFE enabling conditions are included under 3, below.

00 Series

2. Foundational and Integrative. These resources are broadly based and tend to cut across the enabling conditions for CBFEs described in the body of this Sourcebook, or do not fit well within one of those conditions.

0 Series

3. Divided by Four Enabling Condition Categories. These resources tend to fit more clearly into one of the four categories of enabling conditions (tenure, CBFE institutional, social enterprise model, and value chain, respectively). While some are quite specific in this respect, others may have some spread across categories.

I to 4 Series

“Series 00,” etc. are reference numbers listed in the left-hand margin below for the various tools presented and in Table I in the body of this Sourcebook.

This annex focuses on guidance related to design and general principles of implementation of CBFE programs and projects for development professionals rather than on country-specific community-level participation guides and tools, of which there are many. At the outset of program development, proponents need to access and review local sources for relevant guidance and tools that address country-specific aspects and community participation.

A.2.1 USAID MATERIALS

These materials are primarily of interest to USAID staff and their implementing partners.

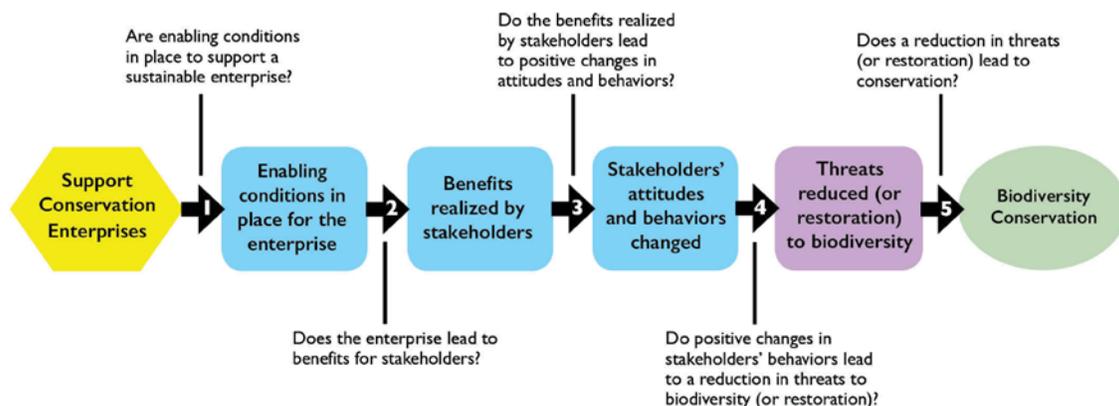
I. NATURAL RESOURCE CONSERVATION AND MANAGEMENT FRAMEWORKS

Conservation Enterprise Learning Group Resources

This Learning Group (<https://rmportal.net> > conservation-enterprises) through the Measuring Impact (MI) activity (currently in its second phase, MI2) and other projects, looks specifically at conservation enterprises that meet the USAID “biodiversity code” and Biodiversity Policy as required for earmark funds. Not all CBEF projects will include biodiversity funding, and indeed ProLand’s analytical and advisory work is largely in the context of Sustainable Landscape funding, often in concert with other USAID funding streams. Nevertheless, the group provides useful guides for many aspects of natural resource management programming along with the use of theories of change, based on analysis using Miradi⁹-based Results Chains. Where biodiversity funding contributes to CBEF programs and projects the Biodiversity Policy must be observed, which includes the Biodiversity Code (<https://www.usaid.gov/biodiversity/policy>):

1. The project must have an explicit biodiversity objective; it is not enough to have biodiversity conservation result as a positive externality from another program.
2. Activities must be identified based on an analysis of threats and drivers to biodiversity and a corresponding theory of change.
3. Site-based projects must have the intent to positively impact biodiversity in biologically significant areas.
4. The project must monitor indicators associated with the stated theory of change for biodiversity conservation results.

A Learning Group generic results chain¹⁰ for conservation enterprises functions as follows:



Each component in the chain needs elaboration for specific cases—for example, this Sourcebook emphasizes unpacking the enabling conditions for timber CBEFs.

⁹ Miradi (<https://www.miradi.org/>) is “project management software designed by conservation practitioners, for conservation practitioners. Miradi provides step-by-step processes for conservation teams to implement the Conservation Measures Partnership’s Open Standards for the Practice of Conservation”.

¹⁰ Annex 3 introduces a more comprehensive draft CBEF Results Chain.

00.1

Conservation Enterprise Learning Group guides: <https://rmportal.net/biodiversityconservation-gateway/resources/projects/measuring-impact/how-to-guides-for-usaid-biodiversity-programming>

- Biodiversity How-To Guide 1: Developing Situation Models in USAID Biodiversity Programming
- Biodiversity How-To Guide 2: Using Results Chains to Depict Theories of Change in USAID Biodiversity Programming
- Biodiversity How-To Guide 3: Defining Outcomes & Indicators for Monitoring, Evaluation, and Learning in USAID Biodiversity Programming
- Conservation enterprise planning checklist: identifies the theory of change for the conservation enterprise approach and enabling conditions for establishing enterprises and assuring conservation and other outcomes along the theory of change. <https://rmportal.net/conservation-enterprises/ce-documents/building-a-conservation-enterprise-keys-for-success/view>
- Using a Theory of Change Approach to Examine Evidence for Biodiversity Conservation <http://www.fosonline.org/resource/conservation-enterprises-using-theory-change-approach-examine-evidence-biodiversity-conservation>

MI2, as an implementing partner of the Learning Group, offers services to USAID Missions with programs emphasizing biodiversity conservation. Where CBEF is wholly or partly funded under the biodiversity earmark, MI2 can provide services including:

- Support for evidence-based design, implementation and adaptive management of biodiversity and integrated projects and activities—for example, facilitation at project start-up, pause and reflect workshops, and evidence summits
- Monitoring, Evaluation, and Learning and CLA plan development and implementation
- Evaluation design and support
- Research, assessments, and analyses on biodiversity conservation topics

MI2 web reference: <https://rmportal.net/biodiversityconservation-gateway/resources/projects/measuring-impact-2>

Recent resources of value to biodiversity conservation led projects with CBEF content include:

00.2

Start-Up Guidance for USAID Biodiversity Activities: Process Overview (<https://rmportal.net/biodiversityconservation-gateway/resources/projects/measuring-impact/mi-project-resources/start-up-guidance-for-usaid-biodiversity-activities-2013-process-overview/view>)

Tips for USAID Biodiversity Activity Start-Up (Steps 3–5) (<https://rmportal.net/biodiversityconservation-gateway/resources/projects/measuring-impact/mi-project-resources/tips-for-usaid-biodiversity-activity-start-up-steps-3-5/view>)

Threat Rating Worksheet (<https://rmportal.net/biodiversityconservation-gateway/resources/projects/measuring-impact/mi-project-resources/threat-rating-worksheet-v1>)

Conservation Learning Agenda (<https://rmportal.net/conservation-enterprises/biodiversityconservation-gateway/learning-networks/ce-content/ce-documents/cross-mission-learning-agenda-for-conservation-enterprises>)

From these resources five Learning Questions are included for consideration across all conservation enterprises:

1. Are enabling conditions in place to support a sustainable enterprise?
2. Does the enterprise lead to benefits for stakeholders?
3. Do the benefits realized by stakeholders lead to positive changes in attitudes and behaviors?
4. Do positive changes in stakeholders' behaviors lead to a reduction in threats to biodiversity (or restoration)?
5. Does a reduction in threats (or restoration) lead to conservation?

Nature, Wealth, and Power

Nature, Wealth, and Power (NWP) is a USAID Africa Bureau framework targeted at practitioners involved in the design, implementation, and evaluation of natural resource–based rural development projects around the world, trying to make them more equitable, efficient, and effective. First developed in 2002, the updated 2013 “Version 2.0” recognizes that this approach is equally applicable in other developing regions. The framework uses a systems approach to link landscape-level natural resources natural capital accounting, valuation and analysis to appropriate institutional arrangements that seek to unleash the power of the poor. <https://rmportal.net/library/content/nwp-2.0>

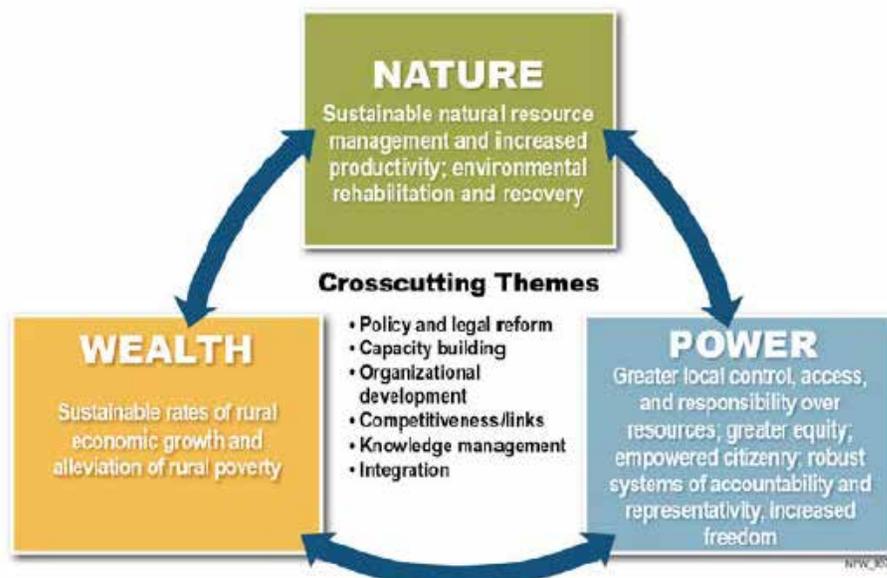


Figure 1. Nature, Wealth, & Power: Outcomes and Cross-Cutting Themes

Purpose and target users: the document includes an “illustrative toolbox” that references and describes various tools applicable to each of the NWP compartments. Those most relevant to CBFEs and not included in this annex are listed below with their web links. NWP provides a conceptual framework for development professionals at programmatic and project design levels as well as describing how CBFEs should be integrated into broader landscape issues. The individual tools identified below are useful for project implementers.

Nature:

00.3

- U.S. Forest Service – guidance and development materials for forest inventory and planning. As NWP notes, these are highly technical and may not be applicable to or usable in many CBFEs [http://srsfia2.fs.fed.us/program_information/June%202013 – The%20Inventory.pdf](http://srsfia2.fs.fed.us/program_information/June%202013-The%20Inventory.pdf)

Wealth:

00.4

- Integrating Very Poor Producers into Value Chains: Field Guide – World Vision and FHI360 The guide is primarily for project implementers working with producers of agricultural crops, but has a range of useful tools and worksheets that are somewhat applicable to CBFEs (recognizing that forestry also has distinct characteristics), especially those where value chain understanding, human capacity, and financial resources are weak. Emphasis on recognizing and overcoming challenges and a range of simple tools are expected to promote “win-win” solutions for service providers, producers, and buyers. https://www.usaid.gov/sites/default/files/documents/1862/integrating_very_poor_into_value_chains.pdf

Power:

00.5

- BRIDGE & Gender Mainstreaming: A Guide for Program Staff – Mercy Corps. Includes terminology and checklists and has a section specific to gender and livelihoods. <https://www.mercycorps.org/research-resources/bridge-gender-mainstreaming-guide>

00.6

- Gender and Land Rights Database – FAO of the United Nations. Users can view full country reports, search by topic, or do a comparative analysis of gender and land rights for two or more countries. www.fao.org/gender/landrights/en/

00.7

- SCAPES 2013: Guidelines for Assessing the Strengths and Weaknesses of Natural Resource Governance in Landscapes and Seascales.

A landscape-level tool, developed with USAID funding, based on three key factors: legitimacy, capacity, and power. A detailed facilitators’ User Manual presents a five-step process that: 1) identifies and maps key governance groups within a landscape; 2) Selects the most influential governance groups; 3) Assesses good governance from a local perspective; 4) Standardizes strengths and weaknesses of governance groups; 5) Analyzes and present results. The tool is useful for project implementers, in collaboration with government officials and groups within the landscape, to determine different groups’ relationships to legitimacy, capacity power dimensions and to identify where changes are desirable as well as capacity-building needs. Desired changes are tracked by repeating the exercise periodically.

<https://rmportal.net/biodiversityconservation-gateway/resources/archived-projects/scapes-1/guidelines-learning-applying-nrgt-landscapes-seascapes/view>

2. USAID INTERNAL GUIDANCE AND TOOLS

00.8 **USAID (2005) *Forests & Conflict. A Toolkit for Intervention.***

Documents relating to USAID’s conflict framework, management, and mitigation are accessed at: <https://www.usaid.gov/what-we-do/working-crises-and-conflict/technical-publications>.

This toolkit: 1) discusses the relationship between forests and conflict; 2) provides lessons learned in programs dealing with forest and conflict issues; 3) outlines program options; 4) has a survey instrument related to forests and conflict. CBFEs in many situations will experience conflict – from other land uses and actors (including those exploiting timber to violent conflicts and wars). While CBFEs are not a programmatic tool to end violent conflict, they can serve as post-conflict economic development projects, and as the document describes, potentially may reduce conflicts between communities and other actors over access to and use of forest resources.

The forests document is available at: <https://www.cifor.org/library/1992/>

00.9 **USAID CLA Toolkit** <https://usaidlearninglab.org/cla-toolkit>

Of particular relevance to this Sourcebook is the section on “CLA in Activity Design and Implementation” (<https://usaidlearninglab.org/node/26772>) which includes sections on:

- Incorporating CLA in the procurement process
- Incorporating CLA in solicitations
- Incorporating CLA in activity management.

00.10 **USAID’s Climate Links Climate Risk Screening & Management Tools**

These USAID-specific tools are meant to improve the effectiveness and sustainability of development interventions by helping the user to assess and address climate risk. In addition, each tool has templates to help produce the documentation required by the Mandatory References Climate Change in USAID **Strategies** and Climate Risk Management for USAID **Projects** and **Activities**. Each of the levels—strategy, project, and activity—provides the following:

- Climate Risk Screening and Management Tool for Design [Strategy, project, or activity in each case]
- Climate Risk Screening and Management Tool for Design + Annexes
- Climate Risk Screening and Management Tool for Design–Matrix Template

The additional annex on Environment and Biodiversity is especially relevant to sustainable landscape interventions, including CBFEs.

<https://www.climatelinks.org/resources/climate-risk-screening-management-tool>

00.11 **Cadmus (2015) USAID Sector Environmental Guidelines: Forestry. Full Technical Update 2015**

The report contains a useful summary of USAID involvement in the forestry sector as well as broader context for forestry in international development and threats posed by deforestation and forest degradation, and threats from forest practices themselves as well as the relationship

of forests to climate change mitigation and resilience. It also summarizes multilateral social and environmental safeguards from the World Bank, International Finance Corporation, and the Inter-American Development Bank, and references numerous international conventions and treaties.

These guidelines are advisory and not official USAID guidance or policy, nor do they ensure compliance with host country environmental requirements, which project proponents must consider. While not an official source, the guidelines were produced under USAID auspices and serve as a detailed guide to environmental issues in the forestry sector and US Government Regulation 216 compliance, which are particularly useful for USAID staff and project implementers. The document also explains requirements of the US Lacey Act regarding restrictions on trade in timber and timber-based products.

Beyond its advisory role, the report notes that section 118(c)(15) of the Foreign Assistance Act calls for denying aid for the following activities unless an environmental assessment shows that the activity “will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development:

- Activities that would result in the conversion of forest lands to the rearing of livestock.
- The construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively un-degraded forest lands.
- The colonization of forest lands.
- The construction of dams or other water control structures which flood relatively un-degraded forest lands.”

https://www.usaid.gov/sites/default/files/documents/1860/SectorEnvironmentalGuidelines_Forestry_2015.pdf. Although not directly referenced in these guidelines, USAID also has an appropriations prohibition on industrial-scale logging such that “funds appropriated under Title III (Bilateral Economic Assistance) ... shall not be used to support or promote the expansion of industrial scale logging or any other industrial scale extractive activity into areas that were primary intact forests as of December 30, 2013.” (<https://www.usaid.gov/sites/default/files/documents/1876/200sbs.pdf>)

00.12

USAID (2018) Thinking and Working Politically Through Applied Political Economy Analysis: A Guide for Practitioners. Center of Excellence on Democracy, Human Rights and Governance.

This guidance provides information on how USAID can think and work in ways that are more politically aware using applied Political Economy Analysis (PEA). PEA is a structured approach to examining power dynamics and economic and social forces that influence development.

“PEA is an analytical approach to help understand the underlying reasons why things work the way they do and identify the incentives and constraints impacting the behavior of actors in a relevant system.

Characteristics of PEA include:

- A concern with the role of formal and informal “rules of the game.”
- An analysis of power and the processes of contestation and bargaining between economic and political elites.

- A focus on the interests of different groups.
- An analysis of how these interests impact development outcomes, at times to the detriment of broader development objectives.”

<https://usaidlearninglab.org/library/thinking-and-working-politically-twp-through-applied-political-economy-analysis-pea-guide>

A.2.2 FOUNDATIONAL, CROSS-CUTTING, AND INTEGRATIVE TOOLS

I. FAO SUSTAINABLE FOREST MANAGEMENT TOOLBOX

0.1

A broad collection of tools, case studies, and other resources for forest owners, managers, and other stakeholders. <http://www.fao.org/sustainable-forest-management/toolbox/en>. Comprises 34 Technical Modules. Two of these, Community-Based Forestry and Development of Forest-Based Enterprises, are especially relevant, but others are potentially important resources for CBFs: Forest Inventory; Forest Management Planning; Forest Management Monitoring; Management of Non-Wood Forest Products; Reducing Deforestation; REDD+; and Forest and Landscape Restoration. Each module includes a set of tools, as well as case studies and further learning resources. These modules provide a framework for thinking about the various aspects of CBFs rather than how-to resources that can be directly applied to or by CBFs themselves. Of interest to many national government (and for advocacy to national governments), the various modules reference how the subject supports SDG progress.

Community-Based Forestry module: intended for policymakers, planners and forest managers working with communities, forest user groups, small forest owners, and others interested in community-based forestry. This module highlights key issues to consider when introducing or implementing community-based forestry. It contains 12 tools/guides, including simpler management plans, participatory tools and techniques, poverty linkages, and management guidelines as well as 2 with regional orientation for the Caribbean and sub-Saharan Africa. <http://www.fao.org/sustainable-forest-management/toolbox/modules/community-based-forestry/in-more-depth/en/>

Market Analysis and Development of Forest-Based Enterprises module: intended for forest managers, forest user groups, and landowners wishing to establish forest-based enterprises to generate sustained cash income from forests. The module outlines the principles to consider in a market analysis and development approach to the creation of forest enterprises, the key elements of enterprise development plans, and the steps to be taken in developing such plans. This module has 8 tools/guides including a facilitator’s toolkit, setting up group enterprises, group savings, market analysis and development, investing in locally controlled forestry and forest product enterprises (see also Section A.2.3 on Value Chain Partnerships, below). <http://www.fao.org/sustainable-forest-management/toolbox/modules/development-of-forest-based-enterprises/basic-knowledge/en/>

2. INTERNATIONAL INSTITUTE FOR ENVIRONMENT AND DEVELOPMENT (IIED) SMALL AND MEDIUM FORESTRY ENTERPRISE SERIES.

This IIED series has some overlap with the FAO Toolbox and The Center for People and Forests (RECOFTC), where many tools and publications are part of joint projects through Forest Connect (<https://www.iied.org/forest-connect>), a knowledge network for agencies that supports locally controlled forest enterprises.

The series aggregates worldwide experience with CBFEs from several “business” perspectives (institutional challenges, funding and financial viability, and value chain partnerships) for international and national development professionals designing, facilitating, and implementing projects. Key resources include:

0.2

- **Democratizing Forest Business: A Compendium of Successful Locally Controlled Forest Business Organizations.** Uses a compendium of case studies to address the business and organizational challenge of how to reconcile multiple perspectives of local forest-family smallholders, communities and indigenous peoples into coherent and viable business (or social enterprise) value propositions. The 19 case studies in the compendium are a resource for comparison of how different actors in different countries have successfully approached CBFEs rather than a prescriptive guide to achieving and implementing an enabling framework, though many case studies, and the synthesis, provide useful lessons and insights for policy makers and development practitioners. Countries covered by case studies are Bolivia, Burkina Faso, Brazil, Cambodia, Ethiopia, Gambia, Guatemala, Indonesia, Laos, Mexico, Nepal, Philippines, Thailand, and Vietnam (<http://pubs.iied.org/13581IIED/>).

0.3

- **Prioritizing Support for Locally Controlled Forest Enterprises.** Based upon detailed case studies in eight countries (Brazil, Burkina Faso, Cambodia, Democratic Republic of Congo, Mexico, Nepal, Tanzania, Vietnam), this book concludes that CBFEs need to recognize that different subsectors (such as timber, fuel wood, NTFPs, agroforestry) may need favoring in different circumstances, or may require blending across the range of goods and services to achieve the balance of economic, social, and environmental benefits desired by the community. Understanding of ecological (e.g., rainforest versus dry woodland environments), socio-political (e.g. degree of community control or government capacity) and economic (e.g., access to markets, low income of potential buyers) contexts is critical to viable CBFEs. The document presents subsector prioritization exercises in each country and identifies 10 types of intervention that are applicable for different sets of subsectors.
- The findings are valuable for project designers in assessing whether and in what combinations timber or other forest product need different types of intervention and for project implementers to work on prioritization of these products when specific communities are targeted for assistance.

<http://pubs.iied.org/13572IIED/?k=Prioritising+support+for+locally+controlled+forest+enterprises>

0.4

- **Supporting Small Forest Enterprises: A Cross-sectoral Review of Best Practice.** Of value to project designers are ten best practices for supporting CBFE programs:
 1. Conduct a diagnostic of the CBFE subsector to assess actual or potential growth prospects
 2. Identify, establish, or support facilitators of market system development

3. Support facilitating links between forest producers, financial and business development service providers, support programs, and policy processes, not direct provision of services or direct policy advocacy
4. Augment existing information with participatory value chain analyses with stakeholders
5. Develop/support an information service that emphasizes what forest product markets want, what CBFEs can supply, and what service providers can offer
6. Explore strategic links between financial service providers, value chain intermediaries, and CBFE support programs to facilitate better service provision
7. Use knowledge about business development services needs to stimulate demand for existing services and or catalyze the supply of nonexistent services
8. Strengthen capacity of CBFEs to organize, analyze their business environment, and demand greater representation in decision making
9. Develop progress indicators that encompass (i) internal project indicators; (ii) CBFE client satisfaction indicators; (iii) evidence indicators from baselines established in initial diagnostic and value chain analysis; and (iv) uptake network indicators that measure progress against plans for spreading successful tactics
10. Develop a toolkit that provides a rationale for a project-specific CBFE approach and the resources to develop and use it

These ten best practices are a useful checklist for project designers to use in determining what is already in place, what others are planning to do (to avoid duplication), and where project resources are best placed during the initial assessments (Sourcebook Section 4.1).

<http://pubs.iied.org/pdfs/I3548IIED.pdf>

0.5

- **Access to Finance for Forest and Farm Producer Organizations (FFPOs).** This document promotes FAOs Forest and Farm Facility¹¹ as a funding source to smallholder and community-based producer organizations need for finance, but also examines more broadly “asset investment, [as] an interactive process of accommodation, a ‘dance,’ is often needed between FFPOs and financiers that involves, for FFPOs, reducing the perceived risk-return ratio and transaction costs; and, for financiers, increasing understanding of the FFPOs’ value chains and the acceptability of financial terms offered.” In particular, the document emphasizes the “missing middle” of financing opportunities (between microenterprise finance and large corporation borrowing). Given the ProLand conclusions that CBFEs need long-term financial investment (or “subsidy” – see Section 2) and face excessive transaction costs this search for finance is a critical part of any exit strategy for CBFE projects. Although not presented as a tool, the report analyzes and recommends how to improve financial systems in CBFEs to make them more viable for funding inputs, whether through grants, loan guarantees (such as those provided by donors – GDA in the USAID context) or commercial loans. Has case studies from Cameroon, Guatemala, Nepal, Mexico, Liberia, Nicaragua, Gambia, Myanmar, Kenya, Vietnam, Zambia, Bolivia.

The recommendations for CBFE financial management are mainly applicable during project

¹¹ <http://www.fao.org/partnerships/forest-farm-facility/about/en/>

implementation, but design must understand the long-term financing needs and provide resources needed to build the community governance and CBFEE capacities as well as promoting value chain relationships that provide long-term finance beyond the project life.

3. THE CENTER FOR PEOPLE AND FORESTS (RECOFTC)

Primarily involved in Asia-Pacific region, but resources often have wider application. A series of training manuals related to CBFEEs (<https://www.recoftc.org/static-landing/training-manuals>), includes:

0.6

- **Citizens' Monitoring in Forestry – Toolbox.** The guide uses a livelihood framework that captures changes in the five capitals (human, social, natural, physical, and financial) as elements for community self-monitoring. It describes ten tools in enough detail for use by project implementation facilitators/trainers who are building CBFEE and community oversight capacity:
 - A. Baseline tools: 1) Resource mapping; 2) Social mapping; 3) Wellbeing ranking
 - B. Planning tools: 4) Participatory Visioning; 5) Long-term target-based planning
 - C. Progress monitoring tools: 6) Annual target-output monitoring; 7) Activity monitoring; 8) Budget and expenditure tracking; 9) Individual income account keeping; 10) Self-assessment and reporting

These are “hands-on” tools intended for adaptation to specific circumstances and apply primarily to project implementers. While results are based in each community’s experience, projects working with several communities could potentially aggregate the data and incorporate into project custom indicators or have them contribute to USAID global indicators. As these indicators reside with the communities themselves, they need not all form part of the project Monitoring, Evaluation, and Learning Plans (MELPs), though this needs case-by-case decision. The information gathered also gives evaluators a way of measuring project results across a sample of the CBFEEs engaged.

<https://www.recoftc.org/sites/default/files/public/publications/resources/recoftc-0000314-0001-en.pdf>

0.7

- **Mainstreaming Gender into Forestry Interventions in Asia and the Pacific.** This manual includes 18 Training Sessions organized into five “blocks” (Setting the Stage; Building a Foundation for Gender Analysis; Gender Mainstreaming; Practical Tools; and Reflection for Future Actions). Given that the target audience for the manual is “trainers or professionals who work in designing and implementing forestry-related learning interventions,” and that most donors have clear commitments to gender equity and equality, the manual is directly applicable where gender targets are explicit or otherwise desirable. As noted in Section 4 of this Sourcebook, sufficient resources are essential in gender-related interventions and these training sessions are a good indication of the types of capacity-building inputs needed. These training sessions are useful for helping the entire project team develop a common understanding and integrate this understanding into their work with colleagues, as well as when preparing, using the “Practical Tools” learning block, to work with communities on CBFEE interventions.

<https://www.recoftc.org/sites/default/files/public/publications/resources/recoftc-0000233-0001-en.pdf>

0.8

- **Appropriate small-scale forest harvesting technologies for Southeast Asia:** Guide and factsheets, plus a series of specific manuals on each silvicultural harvesting technology. This guide targets Southeast Asia and is limited to smaller-scale CBF E operations, so does not deal with forest road or skid trail layout and construction. For this region, the authors felt that “such investments are beyond the reach of local communities and smallholders even with the presence of donor support.” In some cases, larger-scale CBF Es (or aggregations) already operate or are a viable prospect, but in these situations the CBF E would likely need to use similar techniques to other commercial operations and use the appropriate technical forestry manuals. Nevertheless, the coverage is suitable for smallholders or small community operations and provides practical silvicultural, harvesting, costs, and safety information as well as 15 factsheets covering topics such as river, animal, and mechanized transport; and sawmills. Part 2, through analysis of case studies in the region, usefully describes the application and contribution of forest harvesting technologies to income generation and through the horizontal and vertical integration of communities into wood-based value chains.

Although regionally specific, the guide provides geographically wider insights into more detailed accounting of inputs, which project budgets may need to cover for these small-scale activities to get started. As such, the information is useful for realistic project design and budgeting as well as for helping implementers better address the technical forestry and detailed financial aspects (examples of operational costs versus income) of supporting CBF Es.

<https://www.recoftc.org/sites/default/files/public/publications/resources/recoftc-0000224-0001-en.pdf>

4. WWF: CAN COMMUNITY FORESTRY CONTRIBUTE TO LIVELIHOOD IMPROVEMENT AND BIODIVERSITY?

0.9

Provides a checklist for use during project identification and design of “enabling conditions” divided into those for: enabling environment (existing policy and practice—eight subsidiary characteristics); social considerations (seven subsidiary characteristics); economic considerations (seven subsidiary characteristics); and environmental considerations (five subsidiary characteristics), which also ensure biodiversity conservation for people developing community forestry projects. A country study questionnaire is included to assist in determining viability of programming, resources available, and current circumstances in community forestry.

The checklist is useful for project designers, especially in countries where new programs are anticipated. Ideally, all 27 characteristics should be in place; if not, the list helps to identify issues that may need addressing in design and implementation of a project. Evaluators could also use this list to identify where or why project are succeeding and failing to achieve results.

https://www.researchgate.net/publication/266382715_Can_Community_Forestry_contribute_to_livelihood_improvement_and_biodiversity_Steps_on_how_to_improve_community_forestry_programmes_lessons_from_work_in_11_countries_and_communities

5. INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)

ITTO provides a series of policy and guideline resources that are important for member countries’ forest management and reporting requirements. The fundamental guiding principles of ITTO are sustainable forest management and maintenance of a permanent forest estate. All types of forest are covered, along with management regimes (whether government, private, or community).

Project designers should keep these reporting requirements in mind if working in ITTO member countries.

The most relevant documents are listed below and are accessed at: http://www.itto.int/policypapers_guidelines/

0.10

- **Criteria and Indicators for the Sustainable Management of Tropical Forests** (2016). Seven criteria have a total of more than 50 indicators, making *accurate* reporting at national level a challenge beyond forestry agency capacity in most developing countries for many of the indicators reflecting forest and social condition and economic outputs, especially in community forests. While CBF project MELPs are unlikely to provide, or need to provide, detail on all these indicators, they are worth reviewing as possible custom indicators or where data on USAID global indicators provide input to ITTO indicators aggregating community level (or at national and policy levels if project support is provided).

0.11

- **Voluntary Guidelines for the Sustainable Management of Natural Tropical Forests** (2015). “The voluntary guidelines constitute an international reference document for the development and improvement of national and subnational guidelines for the sustainable management of natural tropical forests.” These guidelines are for management of “natural forests,” so are not applicable to those CBFs using plantations, whether on community or smallholder farmland. The 60 guidelines address seven principles that cover governance and tenure; land-use planning; ecosystem function (including climate change); forest management for trees; and ecological services, social values, and investment. These are “what is needed” rather than “how-to” guidelines, so constitute more of a checklist that can assist in focusing viable interventions when assessing a national status during project design.

0.12

- **ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests** (2009). “These guidelines are designed to assist policymakers and forest managers by bringing together in one place the specific actions that are needed to improve biodiversity conservation in tropical production forests.” As such, they are useful to project designers and implementers, especially when biodiversity earmarked funds wholly or partly contribute. Eleven principles cover societal sovereignty; international and national commitments; land-use planning; decentralization and rights; incentives, knowledge, and technology; landscape; and management unit levels, planted forests, and ecosystem functions. Again, these are “what is needed” rather than “how-to” guidelines, though each guideline incorporates several “priority actions” that are useful in assessing current status in a particular jurisdiction.

For example, Guideline 17, under Principle 7: “Knowledge, learning, technology transfer and capacity building” has the following priority actions. Government agencies and conservation NGOs should:

- Ensure that forest managers are trained and motivated to seek locally appropriate approaches to biodiversity conservation and sustainable use
- Encourage collaboration between conservation NGOs and timber companies to adapt management practices to suit local conditions
- Ensure that appropriate monitoring systems are in place that will inform management practices over time.

Guideline 23 states that “Private and community forest owners need technical support to ensure that their activities are consistent with biodiversity conservation objectives.” Associated priority actions follow. Forest and other relevant agencies should:

- Understand the importance of many small forest holdings for biodiversity conservation at landscape scale
- Ensure that the managers of small or community forests understand and respect long-term needs for biodiversity conservation
- Assist community forest owners and managers to support activities that are consistent with biodiversity conservation objectives

0.13

6. GLOBAL FOREST WATCH

A web-based information tool developed and maintained by, and based at, the World Resources Institute, provides data and tools for monitoring forests that enables near real-time information about where and how forests are changing worldwide. The site is a useful resource in project design, allowing remotely sensed assessment of potential CBF E sites. Global Forest Watch also has the potential for project monitoring of forest condition during and beyond project implementation. Spatial data includes those for land cover and use, forest change, biodiversity, and climate. Different forest management regimes are identified (for example conservation areas, timber concessions, prospective or active community forests – designations depend on country-specific management types). These various parameters may assist in identifying possible intervention areas during design for more detailed field analysis and eventual project impacts on land and forest condition over the long term. MELP indicators aligned with, or derived from, Global Forest Watch parameters can ease the burden of data collection and interpretation if the country, or project, is not collecting more specific information.

<https://www.globalforestwatch.org/>

0.14

7. CRITICAL SUCCESS FACTORS

This academic paper (Badini et al., 2018) reviews the extensive literature and develops a framework based on 12 critical success factors that could be used in scoping for a project design “by mapping how particular [CBFEs] fit within this framework (e.g. through on-site assessment methods or broader scale regional analyses), the model can act as a tool to determine interdependencies and the areas that could be enhanced to improve operational conditions for [CBFEs] at the individual, regional, or national level.”

0.15

8. SDG TARGETS AND CBFES

A Chatham House research paper, *Improving Legality Among Small-Scale Forest Enterprises: The Role of National-Level Indicators Within the Sustainable Development Goals* reviews how community forestry can contribute to SDG indicators. While USAID does not directly use these indicators, they are important for most host country governments’ international reporting and may therefore help to increase Agency buy-in to CBF E programming. USAID is also looking to external indicators, some of which could relate to SDGs, to demonstrate increase in self-reliance. The paper advocates for a system of national-level indicators for the small-scale forest sector to measure progress towards establishing an enabling environment for CBF E and monitor their growth while recognizing that such indicators need to arise from a national-level consultation.

Based on research in Brazil, Ghana, Indonesia, and Laos, the paper identifies 16 SDG targets in seven of the SDG goals (related to poverty reduction; food security; sustainable economic growth; sustainable industrialization; sustainable consumption and production patterns; climate change; and terrestrial ecosystem conservation) relevant to CBFs. The paper presents 13 potential national-level indicators (along with their SDG target relevance) that are potentially useful in reflecting USAID Standard Indicators or for adoption or adaptation as custom indicators in USAID programs.

Hoare, A. (2016). *Improving legality among small-scale forest enterprises: The role of national-level indicators within the sustainable development goals* (Energy, Environment and Resources Research Paper). Chatham House. <https://www.chathamhouse.org/publication/improving-legality-among-small-scale-forest-enterprises-role-national-level-indicators>

A.2.3 DIVIDED BY FOUR ENABLING CONDITIONS

I. TENURE AND OTHER POLICY ISSUES

Through its Property Rights and Resource Governance Project, USAID developed a tenure framework tool and related set of analytical tools, the most relevant of which are listed below. Given that tenure is regarded as the most fundamental enabling condition for community forestry, this framework and the set of overlays provided provide analytic tools for assessing tenure status, the factors affecting it, and the potential for conflict and opportunities across different resources and sectors. Note that land or tree tenure is also integrated into many of the tools and documents included in Enabling Condition 2 on Community Governance.

I.1

1. Land Tenure and Property Rights (LTPR) Framework: The conceptual methodology tying together overarching themes, definitions, tools, assessments, designs, and training programs that USAID uses to improve LTPR programming and capacity-building. https://www.land-links.org/wp-content/uploads/2016/09/USAID_Land_Tenure_Framework.pdf

The “base” tool is the LTPR matrix, which is examined with respect to different resource types and cross-cutting issues (land, fresh water, minerals, trees and forests, gender), which can be overlaid to identify possible synergies or conflicts between sectors with respect to LTPR.

Figure 2. LTPR CONSTRAINT ANALYSIS AND INTERVENTIONS MATRIX

		CONSTRAINTS					
		Resource Conflict and Displacement	Weak Governance	Insecure Tenure and Property Rights	Inequitable Access to Land and Natural Resources	Poorly Forming Land Markets	Unsustainable Natural Resource Management and Biodiversity Loss
INTERVENTIONS	Institutions and Governance						
	Legal and Regulatory Framework						
	Rights Awareness and Empowerment						
	Conflict and Dispute Resolution						
	Restitution, Redistribution, and Consolidation						
	Rights, Delivery, and Administration						
	Resource Use Management						
		Crosscutting Themes: Gender/Women Vulnerability Ethnic and Socially Marginalized Populations					

2. Land Tenure and Property Rights Matrix **Trees and Forests** Overlay https://www.land-links.org/wp-content/uploads/2016/09/USAID_Land_Tenure_Trees_and_Forests_Overlay.pdf
3. Land Tenure and Property Rights Matrix **Land Tenure and Property Rights** Overlay https://www.land-links.org/wp-content/uploads/2016/09/USAID_Land_Tenure_LTPR_Overlay.pdf
4. Land Tenure and Property Rights Matrix **Women, Land, and Resources** Overlay https://www.land-links.org/wp-content/uploads/2016/09/USAID_Land_Tenure_Women_Land_and_Resources_Overlay.pdf
5. Land Tenure and Property Rights **Situation Assessment and Intervention Planning Tool** https://www.land-links.org/wp-content/uploads/2016/09/USAID_Land_Tenure_Situation_Assessment_and_Intervention_Planning_Tool.pdf
6. Land Tenure and Property Rights **Impact Evaluation Tool** https://www.land-links.org/wp-content/uploads/2016/09/USAID_Land_Tenure_Impact_Evaluation_Tool.pdf

Food and Agriculture Policy Decision Analysis (FAPDA) initiative

1.2

This tool provides information about policies in specified regions or 70 countries that relate to food security and agricultural and natural resource commodities (including forest products). The tool has a forestry section with a database covering almost all countries in the world with tabs for “policy decision” and “policy framework” related to “wood products” and “non-wood products.” As such, FAPDA provides rapid access to policy information (and documents), which are useful in providing an overview of which policies may support or provide impediments to CBFE development. The quality of information depends upon active updating, which in turn depends upon country-level participants providing information; for example, a global search for wood product policy decisions produces nothing more recent than March 2017.

The forestry section of the tool is at: <http://www.fao.org/in-action/fapda/forestry-tool/forestry-policy-monitoring/en/>

A Users Guide to the tool is at: http://www.fao.org/fileadmin/templates/fapda/img/products/FAPDA_Tool_User_Guide_final_edited.pdf

2. GOVERNANCE AND MANAGEMENT INSTITUTIONS

2.1

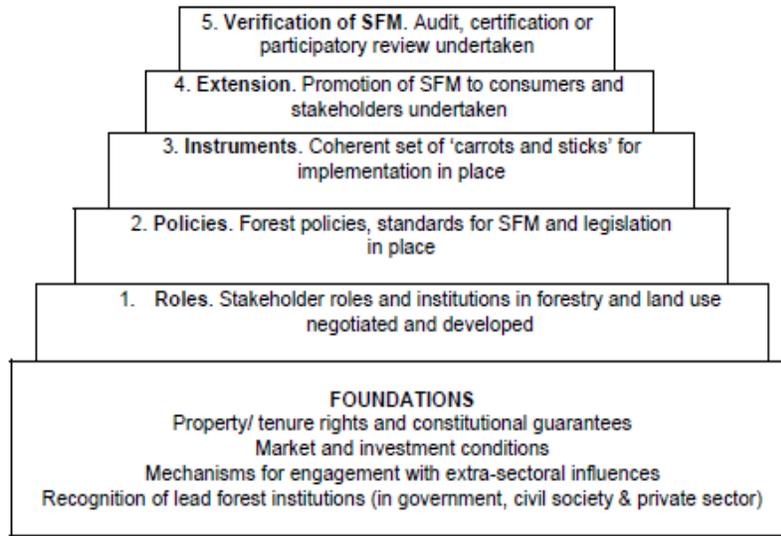
IIED The pyramid: a diagnostic and planning tool for good forest governance

This framework tool is for participatory assessment and target-setting in forest governance developed in the context of the World Bank/WWF Forest Alliance. Although likely facilitated by development professionals, the tool engages all relevant stakeholders in assessment and progress towards good governance for sustainable forest management. The tool asks three questions of good forest governance: What’s working? What’s missing? What needs to be done? A simple “score” assessment of each element is generated. The information is recorded in a set of matrices, one for each tier of the pyramid. One stated purpose of the tool is Planning improvements—setting objectives and targets, identifying critical actions and entry points for stakeholders, including external agencies, their relationship and sequencing to improve synergies, and thus a kind of ‘road map’ for planning.

The developers note that the tool is designed for creative, rather than prescriptive, use and that **an effective multi-stakeholder process is essential** because the tool is subjective and its legitimacy depends on who uses it, and how. One stated purpose of the tool is “planning improvements—setting objectives and targets, identifying critical actions and entry points for stakeholders, including external agencies.” As such the tool is especially helpful during design where the matrix questions help to identify gaps and next steps that the design team could (while engaging key stakeholders) incorporate into a statement of work.

www.policy-powertools.org/Tools/Engaging/docs/pyramid_tool_english.pdf

The pyramid



Matrix used for each tier of the pyramid

Element of good forest governance	What's working? (output, quality, impact)	What's missing? (gaps, problems)	Score (red, amber, green)	What needs to be done? (next steps)

World Resources Institute: The Governance of Forests Initiative Indicator Framework

2.2

The Governance of Forests Initiative (GFI) Indicator Framework is a comprehensive menu of indicators that **diagnose strengths and weaknesses in forest governance**. Anticipated users include:

- Government agencies wishing to assess the effectiveness of policy implementations
- Legislators seeking to identify priorities for legal reforms
- Multi-stakeholder bodies aiming to build consensus about governance challenges
- NGO watchdogs or oversight bodies seeking to monitor government performance
- International organizations or donor agencies seeking to verify compliance with safeguards

The menu of 112 indicators is organized in six themes: tenure, land use, forest management, revenues, cross-cutting institutions, and cross-cutting issues. Several documents, including a comprehensive report and a manual, both referenced below, support the framework.

Figure 1 from the GFI framework illustrates the all-encompassing scope and categorization of indicators used.

Figure 1 | Organization of the Indicators by Thematic Area and Subtheme

FOREST TENURE	LAND USE	FOREST MANAGEMENT	FOREST REVENUES	CROSS-CUTTING INSTITUTIONS	CROSS-CUTTING ISSUES
<ul style="list-style-type: none"> ■ Forest ownership and use rights ■ Tenure dispute resolution ■ State forest ownership ■ Concession allocation 	<ul style="list-style-type: none"> ■ Land use planning ■ Land use plan implementation ■ Sectoral land use ■ Forest classification 	<ul style="list-style-type: none"> ■ Forest legal and policy framework ■ Forest strategies and plans ■ Forest monitoring ■ Forest management practices ■ Forest law enforcement 	<ul style="list-style-type: none"> ■ Forest charge administration ■ Forest revenue distribution ■ Benefit sharing ■ Budgeting 	<ul style="list-style-type: none"> ■ Legislature ■ Judiciary ■ Executive agencies ■ Private sector ■ Civil society 	<ul style="list-style-type: none"> ■ Public participation in decision-making ■ Public access to information ■ Financial transparency and accountability ■ Anticorruption measures

The extent to which a project (in design or implementation) can use these indicators depends upon its objectives, scope, and resources. The framework is particularly useful in designing and assessing progress in projects with a focus on applying best practice to governance reform. GIF aims to support objectives that seek to:

- Influence policy processes—providing data important to planning.
- Strengthen implementation of laws, policies, or programs—to help identify how and why implementation deviates from the law, which can in turn help identify solutions.
- Build capacity—as a tool for capacity-building on understanding governance concepts, identifying best practices, or collecting governance data.
- Monitor implementation of policies, laws, and procedures.
- Program design and evaluation—new interventions that seek to promote good governance and to evaluate how well projects or programs are implemented in practice.

Most projects will only have resources, or need, to apply a few of the indicators, but the framework as a whole provides a good basis for recognizing the assumptions behind and limitations of any given project and could, therefore, form the basis, for example, of framing a design or an evaluation.

The framework emphasizes “input” indicators, which are more useful in analytical exercises related to CBFEs or during design, or to define specific interventions during early implementation phases, than as part of a MELP. The indicators do not correspond to USAID’s global indicators but can help to frame custom indicators with more result-oriented output or outcome characteristics.

Below, we provide an illustration of how the indicators are organized, using three directly relevant to CBFEs: Indicator 62 (under Forest Management Practices); Indicator 80 (under Forest Revenues – Benefit Sharing); and Indicator 100 (under Cross-cutting Institutions – Private Sector). All indicators are organized in this fashion with a number, title, diagnostic question, and elements of quality “that are the focus of data collection and help the user answer the diagnostic question.”

62

Implementation of community-based forest management

To what extent is community-based forest management promoted and supported in practice?

ELEMENTS OF QUALITY

Awareness. Efforts are made to raise the awareness of communities about their rights and duties under the law with respect to community-based forest management.

Financial assistance. Communities can access financial assistance in order to implement forest management activities.

Technical support. Communities can access extension services or technical support related to forest management activities.

Community institutions. Community institutions exist to oversee forest management operations and decision-making.

Gender equality. Women participate equally and can hold leadership positions in community institutions.

Access to markets. Communities have access to markets or other opportunities to sell their timber or nontimber forest products at market rates.

80

Design of benefit sharing arrangements

To what extent are local benefit sharing arrangements developed through an inclusive and transparent process?

ELEMENTS OF QUALITY

Participation. Affected communities have opportunities to participate in the design of benefit sharing arrangements.

Transparency. Negotiations about benefit sharing are transparent, and communities have access to relevant information.

Representation. Community representatives reflect a range of community perspectives, including those of women and vulnerable groups.

Disclosure. Final decisions about the benefit sharing arrangement are documented and shared with all community members in relevant languages.

Fairness. The type and magnitude of benefits are fair and appropriate.

100

Corporate social and environmental practices

To what extent do companies engaged in the exploitation of natural resources promote social and environmental sustainability in their operations?

ELEMENTS OF QUALITY

Social programs. Companies make efforts to develop social programs that benefit nearby communities.

Hiring practices. Companies make efforts to hire and train local workers to fill skilled positions.

Sustainability initiatives. Companies make efforts to promote environmental sustainability of their operations.

Voluntary commitments. Companies participate in internationally recognized certification or standards programs.

Davis, C., Williams, L., Lupberger, S., & Daviet, F. (2013). *Assessing forest governance. The Governance of Forests Initiative indicator framework.* World Resources Institute. <https://www.wri.org/publication/assessing-forest-governance>

The publication above includes the Governance of Forests Initiative (GFI) Guidance Manual: A Guide to Using the GFI Indicator Framework.

Center for International Forestry Research (CIFOR) Guide to Participatory Tools for Forest Communities

2.3

This guide is directed toward environment and development practitioners, researchers, and local government leaders who wish to directly engage communities in forest resource management. It is more likely used during project implementation, after communities are definitively identified, than during design. The ten tools address rights, responsibilities, revenues/returns, and relationships related to community forestry. The guide contains three sections:

- A brief discussion about forest communities, participation, participatory tools, pitfalls of participatory tools, and related concepts
- A summary description of each tool, how to select a tool using a matrix with objectives, and types of information elicited by each
- Details about each tool in a table and resources to provide additional details

The group participation tools described are:

- Four Rs Framework (Rights, Responsibilities, Relationships, Revenues/Returns)—reveals underlying power structures and incentives or disincentives for sustainable use or management of natural resources.
- Pebble Scoring—investigate, overview, clarify, and communicate people's choices and preferences.
- Visioning and Pathways—develop a shared ideal future and encourage thinking long term to promote collective action by providing a simple planning structure.
- Scenarios—identify uncertainties, prepare for change, stimulate creative thinking about the future, develop strategies and plans, and unify diverse stakeholder groups in dynamic participatory planning.
- Participatory Mapping by Communities—perceptions of landscapes and ecosystems; customary property rights and boundaries; documenting land use systems; assessing and gaining familiarity with new territories received through agrarian reform; defending boundaries and negotiating with governments and other stakeholders.
- Spidergrams—identification and relative weighting of factors to answer a specific question or set of related questions and to examine cause and effect.
- Venn Diagrams—aids outsiders understanding of stakeholders' roles and relationships and provides a space for insiders to identify and discuss the influence of stakeholder groups.
- Who Counts Matrix—aids outsiders coming to a forest management area, to identify the relative importance of groups they should work with to sustainably manage forests.
- Bayesian Belief Networks—probability-based modeling tools for understanding variables, knowledge or data, and relationships between them.

Discourse Based Valuation—a public debate where small groups openly discuss economic and social values by deliberating on important issues such as the number of people in a community, or crop versus forest resource use. Each tool has a table with brief description, its purpose, expected outputs, related tools, when to use/not use, strengths and weaknesses, detailed resource needs, and

implementation aspects such as facilitation and budget, types of participants and typical duration.

Evans, K., de Jong, W., Cronkleton, P., Sheil, D., Lynam, T., Kusumanto, T., & Pierce Colfer, C. J. (2006). *Guide to participatory tools for forest communities*. Bogor, Indonesia: Center for International Forestry Research (CIFOR). www.cifor.org/publications/pdf_files/Books/BKrisTen0601.pdf

Program on Forests (PROFOR) Governance of Forests Toolkit

2.4

The World Bank designed the PROFOR tool to assess strengths and weaknesses in forest governance using a set of indicators and a multiple-choice format. Proponents can administer the tool during project design (preferably in collaboration with the host government) to determine where to focus interventions and can subsequently monitor change in those parameters selected. The tool organizes 130 indicators into three groups: how the building blocks of governance—laws, policies, and institutions—appear on paper; how policy and implementing decisions are made; and how well governance functions in practice.

Kishor, N. & Rosenbaum, K. (2012). *Assessing and monitoring forest governance: A user's guide to a diagnostic tool*. Washington, DC: Program on Forests (PROFOR). <https://www.profor.info/sites/profor.info/files/AssessingMonitoringForestGovernance-guide.pdf>

3. SOCIAL ENTERPRISE MODEL

Financial and Economic Evaluation Guidelines for Community Forestry Projects in Latin America – Word Bank, PROFOR

3.1

These guidelines provide a rigorous framework for evaluating economic (including non-market values) and financial feasibility and viability of CBEF projects applicable within and beyond Latin America, taking account of the following analytical factors:

Analysis Type	Values Measured and Analyzed	Measurement Technique
Financial Analyses	Market Returns	Market Costs and Prices Taxes and subsidies as costs or income to the individual or organization
Economic Analyses and Cost-Benefit Analyses	Total Economic Value Use Value Direct Indirect Option Value Nonuse Value Existence Bequest	Market Prices Shadow Prices Taxes and subsidies are not relevant Revealed Preferences Travel Cost Hedonic Pricing Substitution, Replacement, and Avoidance Costs Stated Preferences Values are Willingness To Pay (WTP) or Willingness to Accept (WTA) Contingent Valuation Method (CVM) Stated Choice (Conjoint analysis) Benefit Transfer

While USAID project design is unlikely to cover the type of rigor presented, awardees should explain how they will account for such factors in the context of the CBFEs they will support. Arguably, most CBFE projects inadequately assess detailed financial and economic analyses. Complexities involved in realistic costs and benefits; underlying assumptions across the enterprise itself; community member livelihood and other social benefits; and environmental aspects, as well as external investment (or subsidies), are a significant barrier to understanding success (or failure) of CBFEs in the long term. The more community participation-oriented tools described below may be more suitable, if less rigorous, in many project implementation situations (3.2, 3.3).

Cubbage, F., Davis, R., Frey, G., & Chandrasekharan Behr, D. (2013). Washington, DC: Program on Forests (PROFOR). https://www.profor.info/sites/profor.info/files/Financial%20and%20Economic%20Evaluation%20Guidelines%20for%20Community%20Forestry%20Projects%20in%20Latin%20America_0.pdf

Community Forest Enterprise Development: Case Studies from Latin America – Rainforest Alliance

3.2

Rainforest Alliance’s diagnostic tool (ADORE) provides guidance on access to finance for CBFEs and “allows an organization’s leadership to conduct internal assessments [though most CBFEs need training and facilitation in applying the tool] of their enterprise’s level of business development and its performance in different areas, in order to identify weaknesses, plan actions to correct them, and measure improvement over time.” The tool helps track enterprise development in the following key areas:

- Legal compliance
- Participation
- Administrative capacities
- Tax issues
- Financial management and accounting
- Value-added production and marketing
- Credit
- Finance
- Solvency

By evaluating development according to a range of indicators and scoring performance against defined benchmarks, enterprises obtain a detailed qualitative and quantitative picture of their current operations. ADORE indicates areas where improvement is necessary, which helps with prioritizing internal efforts and external support. Once trained in the application of the tool, enterprises can use it to track their own progress over time.” This latter use has MELP potential as project custom indicators to document improvements in CBFE performance over time and to identify which of the areas need more support. One case study covers CBFE access to external credit, which concludes that CBFEs “can successfully apply for, execute and repay credits, provided they are supported to make foundational improvements in the areas of legal compliance, transparency, accounting systems and overall financial administration.” In other words, a rigorous business model is a prerequisite for commercial credit.

Guidelines for implementing the tool are not in the public domain. However, potential users may wish to contact the Rainforest Alliance to see if access is possible subject to a use and acknowledgement agreement.

Ten Latin American case studies, some of which used ADORE, are found at: <https://www.rainforest-alliance.org/case-studies/community-forestry-case-studies>

The Green Value Tool for Simplified Financial Analysis

3.3

Developed (with USAID support) to help small and medium enterprises monitor and evaluate costs and income, negotiate fair prices, improve their financial management and transparency, and strengthen the sustainability of their businesses. The Green Value Tool was originally designed for community timber enterprises but can be used with any kind of small or medium enterprise, such as forest enterprises, farms, fisheries, REDD+ initiatives, or tourism companies. Enterprises can range in size from smallholder production systems to medium-sized businesses to large cooperatives.

The tool provides a six-step method (see table below) for monitoring and analyzing costs and revenues with a User's Guide, a Facilitator Kit, and a series of pre-formatted worksheets for entering and analyzing financial data. Data needs include cost estimates for labor for each productive and administrative project, materials and services, machinery and equipment, and other (often overlooked) costs, and revenues.

This tool is valuable for project implementers with a scope that includes quantitative financial analysis. Project designers requiring such analysis should ensure the financial and human resources budgets for such analyses. The tool is also designed for looking at impact of investment (or subsidy – including inputs from a project) and CBF E start-up costs when new CBF E are anticipated.

Steps in using the Green Value Tool:

Steps	Description
Step 1. Plan	Enter general information about the product, the producer, the period of time to be analyzed, the producer's goals, the principal activities to be monitored, and the responsibilities for monitoring. Also note any assumptions used in the financial analysis
Step 2. Collect data	Collect cost and income data and record it in written form using printed worksheets for each type of input (labor, materials and services, and machinery and equipment)
Step 3. Enter data	Enter the collected data in digital form in worksheets using a computer
Step 4. Compile data	Calculate and verify subtotals per type of input and per activity
Step 5. Analyze data	Present the costs per activity and per input type and calculate total income, net income, and rate of return. Illustrate results using graphs and charts
Step 6. Discuss results	Register the main points from the discussion of the results

<https://www.green-value.org/resources>

The Green Value website contains links to examples of worksheets for various timber and non-timber products, case studies, and useful academic publications on application of the tool by the team (led by Shoana Humphries) who developed it, including:

- Humphries, S. & Holmes, S. (2016). Financial analysis of community-based forest enterprises with the Green Value Tool. In L. Pancel & M. Köhl (Eds.), *Tropical forestry handbook*. Berlin and Heidelberg,

Germany:Springer-Verlag.https://static1.squarespace.com/static/56b909d4d51cd446dcd880aa/t/56f47f8fa3360c265099e95b/1458864017290/Humphries_Holmes-2015-Trop_For_Handbook-Financial+Analysis+of+CFEs.pdf

- Humphries, S., Holmes, T., Carvalho de Andrade, D. F., McGrath, D., & Dantas, J. B. (In press). Searching for win-win forest outcomes: Learning-by-doing, financial viability, and income growth for a community-based forest management cooperative in the Brazilian Amazon. *World Development*. https://static1.squarespace.com/static/56b909d4d51cd446dcd880aa/t/5c416ddfb914433537d67863/1547791844013/Humphries_et_al-2018-Win-win_outcomes_CFM.pdf

Securing Forest Business: A Risk Management Toolkit for Locally Controlled Forest Businesses (part of the IIED series on CBFEs referenced above)

3.4

Although included under “Social Enterprise Model,” some of the risks covered in the toolkit overlap with other enabling conditions. This publication uses case studies to introduce the importance of assessing and managing risk in CBFEs. It categorizes risks as: 1) revenue flows; 2) natural resources; 3) business relationships; 4) operating environment; 5) operating capacities; and 6) brand recognition. While the emphasis is on ProLand Enabling Conditions Social Enterprise Model and Value Chain relationships, clearly tenure and other policy shifts, and community governance also have associated risks. While formal assessment of risk was not conducted in most case studies, the CBFEs were nevertheless aware of and managing risks in various ways. A framework, or tool, for risk self-assessment by CBFEs is proposed as a matrix with the eight categories of risk arrayed horizontally and a series of five influencing factors on the vertical axis (1) Macro-economic and market context; 2) Institutional/legal frameworks; 3) Natural resources management/environment; 4) Socio-cultural issues; and 5) Technology, research, and development). Risks are scored on a 1–10 scale (or as seems suitable to the user) from high to low. While the framework provides a starting point, IIED continues to work on a comprehensive toolkit for CBFE risk management. Countries providing case studies are Ecuador, Guatemala, Kenya, Cambodia, and Vietnam.

While aimed at self-assessment by communities, the framework very likely needs facilitation in the early stages of CBFE development. Thus, its use would typically focus on project implementation after identification of collaborating CBFEs. However, project designers or evaluators could use the framework at a higher level to identify and rank risks in particular situations and thereby recommend interventions that address risks for CBFEs.

Bolin, A., Macqueen, D., Greijmans, M., Humphries, S., & Ochaeta, J. J. (Eds.). (2016). *Securing forest business. A risk-management toolkit for locally controlled forest businesses* (Toolkit). London: International Institute for Environment and Development (IIED). <http://pubs.iied.org/13583IIED/?a=D+Macqueen>

FAO Market Analysis and Development (MA&D) Toolkit for Developing Forest Product Enterprises Toolbox

3.5

This toolkit is intended to “empower producers, manufacturers and traders to plan and develop equitable, sustainable, ecologically sound, socially beneficial and financially viable tree and forest product-based enterprises.” Local communities are focal actors that identify and plan forest enterprises to sustainably managing their local environments.

Several tools provide a participatory process for planning and developing community enterprises with a phased sequence of steps to ensure the inclusion of critical elements for establishing their

enterprises and minimizing risks. MA&D training materials include a manual, five Field Facilitator Guideline modules, a map of the process, and a MA&D brochure. The Field Facilitator Guidelines assists field facilitators and entrepreneurs with implementing the MA&D approach.

Marketing: <http://teca.fao.org/resource/market-analysis-and-development-toolkit-developing-forest-product-enterprises>

Toolbox Background: <http://www.fao.org/sustainable-forest-management/toolbox/background/en/>

The manual (*Community-Based Tree and Forest Product Enterprises: Market Analysis and Development*) is a detailed four-phase guide to assessing potential for enterprises based on a viable product and market. The four phases are: assessing the current situation; surveys to assess products and ideas; enterprise development planning; and supporting enterprise start-up. For a CBF project, preliminary aspects of the first and second phases are necessary during design (likely specifying more detailed assessments in the early stages of implementation), but the last two phases occur during implementation. The manual annexes several checklists, examples, and other resources, as well as information about the types of staff and facilitators required to conduct the analyses.

<https://rmportal.net/conservation-enterprises/ce-documents/community-based-tree-and-forest-product-enterprises-market-analysis-and-development/view>

Conservation Marketing Equation

3.6

This USAID-financed manual guides project teams through the process of product development and marketing for project enterprises that support both conservation and social equity. As with the Conservation Enterprise Learning Group resources, this manual specifically targets biodiversity conservation projects.

The manual guides users (conservation project implementers) through a four-step process for community groups: 1) Select and Define Your Product and Market; 2) Define product quality, quantity, and price; 3) Define regulations/certification; and 4) Define institution/enterprise and value chain intermediaries. Suitable products are defined on biodiversity criteria as well as economic, social, and technological criteria. A series of five worksheets enable analysis of product selection based on these criteria and their economic viability and market interface. Emphasis is on continually or seasonally harvested agricultural and non-timber products rather than the several-decade perspective needed for a timber CBF. The next step after using the tool to prioritize a product or products is development of a business plan.

Koontz, A. (2008). *Conservation marketing equation: A manual for conservation and development professionals*. EnterpriseWorks/VITA. <https://rmportal.net/conservation-enterprises/ce-documents/conservation-marketing-equation-a-manual-for-conservation-and-development-professionals/view>

4. VALUE CHAIN PARTNERSHIPS

Guide to Investing in Locally Controlled Forestry

4.1

Part of the IIED series on CBFs referenced above, this guide provides direction on building partnerships for successful investment in locally controlled forestry that yield acceptable returns and reduced risk for investors, local forest rights-holders, national governments, and society at large. It includes background and a road map to successful investment in locally controlled forestry that covers the business stages of proposition, establishment, validation, preparation, negotiation, and performance management, with practical advice for both investors and forest right-holder groups. The guide also provides seventeen case studies, a range of templates, and sources of further information.

While target audiences include all forest rights-holders and potential investors (including host country governments), from a donor project perspective the guide provides focus on resource inputs and clarifies accountability for investors as well as how to effectively target advocacy for policy development. The guide provides a classification of types of investor; enabling conditions for success; the process and content of investment deals; and links to diverse businesses, foundations, and financial institutions investing in CBFs. This makes it useful in framing key investment elements of project design (perhaps including DCAs or GDAs in USAID's case), and in helping project implementers understand and assist in establishing relationships between CBFs (with economic, social, and environmental goals) and investment partners. The guide includes a useful investment classification framework for presenting options and processes:

Type	Enabling investment			Asset investment			
Investor	Government	Donors Philanthropists	Rights-holders Product investors Philanthropists	Private sector companies	Philanthropists SWFs* Rights-holders	Banks	Private investors and equity funds
Vehicle	Projects	NGOs Research institutions	SMEs Intermediaries	Product purchase	Capital investment	Financial services	Capital investment
Goal	Private sector development		Fill the 'Pioneer Gap'	Sustainable supply chain, quality product	Return on capital plus social/ environmental impact	Payment of interest and return of principal	Risk-adjusted return on capital
Means	Public expenditure, e.g.: Infrastructure Fiscal reform Regulatory reform Subsidies	Grants, e.g. Organisational development, Institutional reform	Enterprise Philanthropy: Grants and seed funding, e.g. demonstrating validity of business model	Product investment via purchase order, prepayments	Impact investment via equity, loans	Loans secured against company or personal assets (e.g. land)	Value investment via: equity, loans
Output	Public goods			Private assets			

*SWFs: Sovereign Wealth Funds

Case studies presented are from Panama, Kenya, Southern Africa, Mozambique, Mali, Guatemala, Honduras, Peru, Bolivia, New Zealand, and Sweden.

Elson, D. (2012). *Guide to investing in locally controlled forestry* (Growing Forest Partnerships in association with FAO, IIED, IUCN, The Forests Dialogue and the World Bank). London: International Institute for Environment and Development (IIED). <http://pubs.iied.org/I3565IIED>

Community-Investor Negotiation Guides – Namati and Columbia Center on Sustainable Investment

4.2

“The *Community-Investor Negotiation Guides* equip communities and frontline advocates to engage with potential investors from a place of empowerment.” Based on community-investor contract and communities’ experiences, the two guides offer practical information and accessible legal guidance. The two guides described are for individuals or organizations assisting communities with issues around reaching agreements with investors seeking to use community lands and natural resources for their businesses, and for community groups with sufficient capacity to use the guides themselves. From a project-implementation perspective the guides can help communities to negotiate whether, and on what terms, they wish to engage with the project, or for project staff to assist a community undertake negotiations with an external third party that shares common objectives with the community, project and the third party.

Namati cautions that actors helping communities must understand and apply relevant national laws, including those that apply to contracts, investments, land rights, Indigenous peoples’ rights, environmental protection, and specific types of projects. As formulated the guides are more applicable to community governance (ProLand Enabling Condition 2) than to the CBFE itself, though much of the content is useful for helping CBFEs understand how to negotiate with third parties for value chain relationships, where such powers are delegated to CBFE management.

Guide 1, *Preparing in Advance for Potential Investors*, features participatory steps that cover how to:

- 1) Create a shared vision for their future development, so they can assess whether an investment would be in their best interest;
- 2) Understand the holistic value of their land to better assess investors’ offers;
- 3) Make rules to guide how they and their leaders will interact with potential investors and help to manage their lands and natural resource sustainably and equitably;
- 4) Work to resolve intra-community conflicts around how to react to potential investors; and
- 5) Prepare for negotiations by researching the investor, creating a negotiating team, and agreeing on points the team will advocate for incorporation into the contract.

Preparing in Advance for Potential Investors <https://namati.org/resources/community-investor-negotiation-guide-1-preparing-in-advance-for-potential-investors/>

Guide 2, *Negotiating Contracts with Investors*, provides detailed information and advice designed to help communities and frontline advocates negotiate clear, fair, and enforceable contracts with investors. The guide advocates agreement to and use of various impact assessments and management plans, environmental and social (funded by the investor), and what they should cover.

Negotiating Contracts with Investors <https://namati.org/resources/community-investor-negotiation-guide-2-negotiating-contracts-with-investors/>

USAID MARKETLINKS Tools and Training

4.3

Marketlinks includes online courses and other resources that enhance knowledge and skills for development practitioners in developing, managing, and monitoring value chain projects. Little information is specific to CBFs, but this is a definitive source for information on enterprise development. Three online modules cover conceptual and practical aspects of value chain projects:

1. Learning Value Chain Basics—provides a conceptual understanding of value chains as a way to link small firms to economic growth opportunities, while ensuring both the incentives for and the capability to compete in and benefit from market participation.
2. Managing a Value Chain Project—provides an understanding of how the principles outlined in the “Learning Value Chain Basics” course can be applied throughout the implementation phase of a value chain activity.
3. Monitoring and Evaluating a Value Chain Project—highlights the iterative nature of monitoring and evaluation throughout the value chain project cycle.

<https://www.marketlinks.org/tools-and-training>

ANNEX 3: A SUSTAINABLE LANDSCAPES STRATEGIC APPROACH FOR CBF E

ProLand is developing a series of Strategic Approaches (SAs) for several natural resource subsectors to support USAID’s Sustainable Landscapes programming.¹² These SAs are based on the “Open Standards for the Practice of Conservation”¹³ (and associated Miradi software¹⁴) adopted by USAID’s Forestry and Biodiversity Office (see also Annex 2, Section A.2.1).

The complete list of SAs comprises:

SA1: Building Capacity and Improving Science for MRV, Tool Development and Application, to Improve Information for Decision Makers

SA2: Building Institutional Capacity to Develop and Implement Low Emissions Development (LED) Policies, Laws, and Regulations

SA3: Promoting Payment for Ecosystem Services

SA4: Developing and Implementing Sustainable Economic and Environmentally Beneficial Community-Based Forestry Enterprises (based on this Sourcebook)

SA5: Promoting Sustainable Cattle Production

SA6: Forest and Land Restoration To be determined

SA7: To be determined

SA8: Improving Enforcement Effectiveness and Increasing Markets for Legal Products

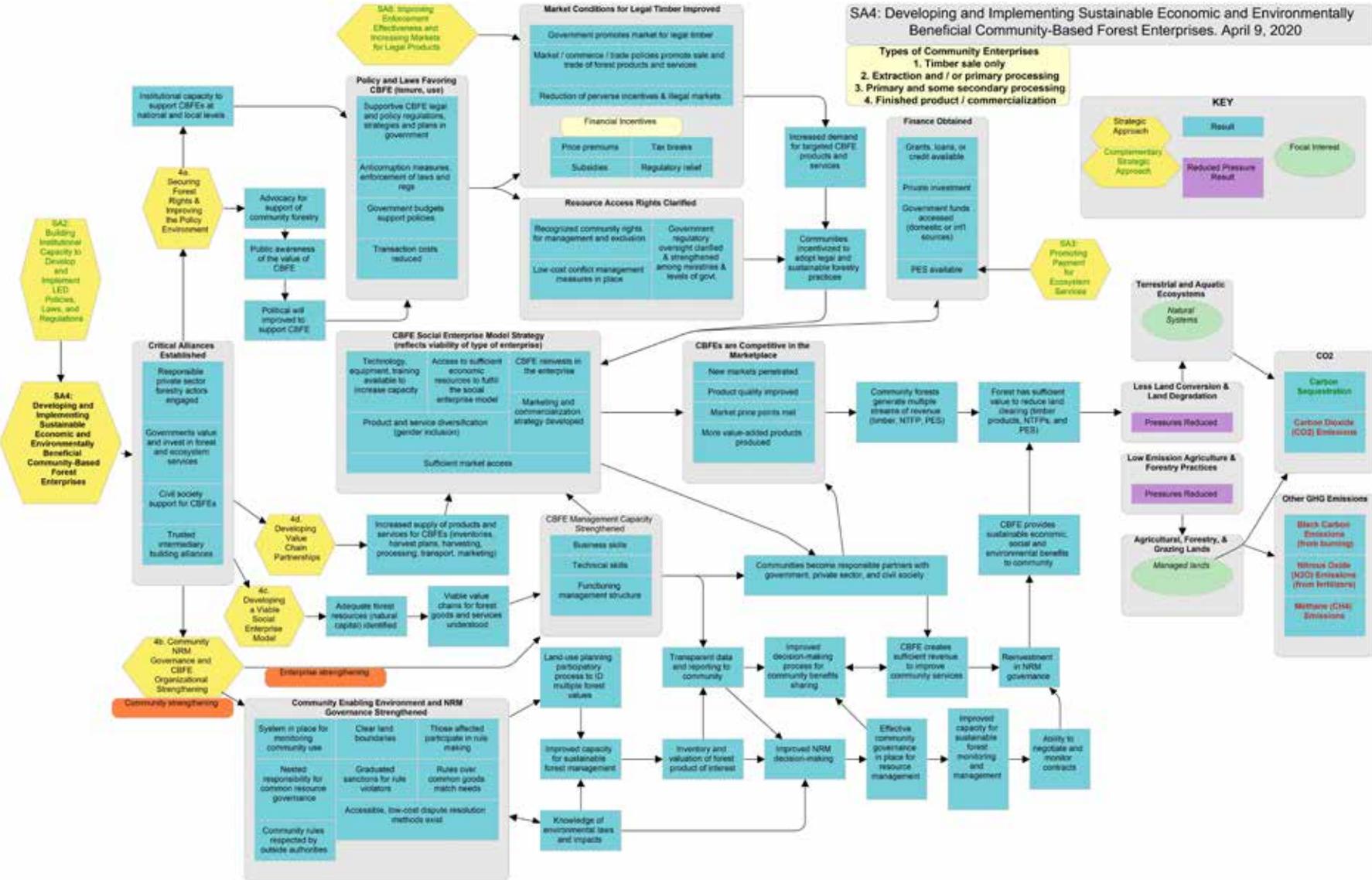
Strategic Approach 4 (SA4), based on this Sourcebook, is intended for CBFEs. The CBF E SA relates to SA2, *Building Institutional Capacity to Develop and Implement LED Policies, Laws, and Regulations*, where national-level policies and capacity align to support low emissions development at landscape level. If USAID or other country-level programming is supportive, this SA is a potential complement to SA5, in which forested land is developed to yield forest products and cleared land is intensively managed for sustainable production (cattle or other commodities such as palm oil, soy, oil seeds, etc.). SA2 is also supported by SA8, *Improving Enforcement Effectiveness and Increasing Markets for Legal Products*, which increases legal market demand and reduces availability of illegal products through enforcement. SA3, *Promoting Payment for Ecosystem Services*, supports finance options for SA4.

¹² ProLand’s Rebecca Butterfield is the lead facilitator developing these Strategic Approaches with USAID staff in technical and regional bureaus including feedback from USAID mission staff.

¹³ <https://www.ccneglobal.com/updates-to-the-open-standards-website/>

¹⁴ <https://www.ccneglobal.com/launch-of-miradi-share-2-0/>

STRATEGIC APPROACH 4: PROMOTING COMMUNITY-BASED FOREST ENTERPRISES: RESULTS CHAIN DIAGRAM



Following is a summary of the more detailed CBFE SA2 narrative that will appear on the ProLand Section of Climatelinks (<https://www.climatelinks.org/project/proland>) when finalized.

DEFINITION

SA4 is defined by the four CBFE enabling conditions (labelled as sub-SA 4a to 4d in the diagram above) that are the foundation of this Sourcebook:

5. **Secure rights** to develop, exclude others, and sell a forest product or service and enable long-term CBFE investment. While these rights are the most basic policy requirement, other policies contribute to a robust enabling environment.
6. **Governance, organization, and management** that provide effective leadership and technical knowledge to the CBFE, accountability to the community, and ensure the CBFE's financial integrity.
7. A **viable social enterprise model** that produces sufficient financial benefits to reinvest in forest and business management and growth and provides economic benefits (though not necessarily cash) to the community as a whole.
8. **Partnerships with value chain actors** to access external funding and technical support; help aggregate timber from several communities (or individual producers); market timber to buyers; and build/maintain infrastructure. These partners include national and local government, donors, civil society organizations, and private-sector entities.

DESCRIPTION

The CBFE SA assumes that forests are managed communally, using a social enterprise model in which a) the owners (i.e., the community) determine the governance framework for their forest resources; and b) the community members directly involved in managing the forest enterprise are typically a subunit of the community overseen by community governance systems (orange text boxes linked to 4b). The model allows for different degrees of vertical integration in community enterprises, from selling timber on-stump to more sophisticated enterprises that market finished products.

All four enabling conditions depend on establishment of Critical Alliances to improve CBFE success. Alliances with the private sector, civil society and/or public sector (often in combination) are needed to access services, markets, and technical assistance. Government support also promotes investment in forest and ecosystem services while civil society, in addition to providing mobilization and technical support, can promote CBFEs and the required policies and political will. Trusted intermediaries are often essential to building CBFE capacity and bridges to government, the private sector, and civil society.

(4a) Securing Forest Rights and Improving the Policy Environment.

Institutional capacity at national and local levels, and political will to support CBFEs, are critical results for drafting and implementing Policy and Laws Favoring CBFEs. Advocacy for support of community forestry and public awareness of the value of CBFEs helps build political will. Forest resource tenure in many countries is not clear, straddling laws and customs over land that leave gray areas regarding use and access to resources. In addition, forestry practices usually face more technically demanding rules and regulations (and resulting transaction costs) than do agricultural practices in creating barriers to the establishment and operation of legally recognized CBFEs. Reducing transaction costs, clarifying or harmonizing policies and regulations related to forest use and access, backed by government budgets to support those policies can lower barriers. Anti-corruption measures and improved enforcement of laws

and regulations can further lower operating costs while helping to eliminate illegal and unsustainable forest product extraction that competes with legal extraction.

Market Conditions for Legal Timber Improved has links to SA8. Reducing perverse incentives for illegal forest products is important, as illegally produced products have lower transaction costs. Governments can promote help by requiring proof of legality in their own purchases of forest products, while trade policies and international markets can also enforce that proof. Financial incentives are important in promotion of legal products through price premiums, tax breaks, subsidies, or regulatory relief (e.g., less paperwork if products are third-party certified). With increasing demand for targeted CBFE products and services, communities are incentivized to adopt legal and sustainable forestry practices.

Resource Access Rights Clarified results in recognized community rights for forest management and the exclusion of non-community members. Many countries have significant overlap among government agencies for oversight of forest management, forest management plans, forest product transportation, and environmental permits. Government regulatory oversight should be clarified and strengthened among ministries and various levels of government. Low-cost conflict management measures can remove barriers where there is disagreement about forest boundaries and access rights.

(4b) Community Natural Resource Management (NRM) and CBFE Organizational Strengthening.

The first result in this sub-SA is Community Enabling Environment and NRM Governance Strengthened. Since CBFEs generally relate to communally held forests, communities need to develop rules and regulations for community forest management as described previously in this Sourcebook and the ProLand CBFE Assessment (ProLand 2018).

Strengthened enabling environment and NRM governance lead to results such as participatory land use planning processes; improved capacity for sustainable forest management; and knowledge of environmental laws and impacts. Improved capacity for sustainable forest management is needed to undertake inventory and valuation of the forest product(s) and services of interest (timber, NTFP, or ecosystem service), which supports transparent data generation and sharing with the community, and ultimately improved NRM decision-making.

CBFE Management Capacity Strengthened refers to the enterprise itself. Areas requiring strengthening include enterprise skills, technical forestry and wood product skills, and the enterprise management structure.

CBFE Social Enterprise Model Strategy (discussed under sub-SA4d) enables transparent reporting back to the community governance system. With better data and feedback from the CBFE, the community has an improved decision-making process for community benefit sharing.

(4c) Developing a Viable Social Enterprise Model

The enterprise model requires that adequate forest resources (natural capital) are identified and viable value chains for forest goods and services are in place (or can be developed).

(4d) Developing Value Chain Partnerships

Partnerships enable the supply of goods and services for CBFEs (inventories, social enterprise plans, harvesting, processing, transport, and marketing services) that results in a CBFE Social Enterprise Model Strategy. The enterprise model strategy reflects the type of community enterprise; timber sale only, finished product, etc.

Finance Obtained is critical in the enterprise model as a value chain input. Sources may include grants, loans, or other forms of credit; private investment or sales agreements; government funds; or payment for ecosystem services. In most cases, a blend of these sources is the best option. Together, the

finances, model strategy, and strengthened CBFE management capacity lead to CBFEs that are Competitive in the Marketplace.

RISKS AND ASSUMPTIONS

Assumptions

- Sufficient forest resource base exists
- Community is interested in forest products and services
 - Other jobs or other inherent values are not of higher interest
 - Sufficient capacity can be built (to achieve goals of CBFE)
- Benefits are seen as fairly distributed among community members
- No competing rights over the same piece of land
- Political will to promote CBFE
- Measures to mitigate known risks of outside labor influx are included in the design of CBFE
- Robust private-sector partners willing to engage and invest in CBFEs
- CBFEs can achieve sufficient impact at scale
- CBFEs reduce greenhouse gas emissions

Risks

- Potential for increased conflict in the community (erosion of community cohesion)
 - Between the community generating the revenues and neighboring communities (migrant workers or laborers)
 - Elite capture within the community, or government and nongovernment partners capturing unfair proportion of revenues
- Increased pressure on natural resources
- Communities unable to meet market demands in quality or quantity of product
- Market risks: competition from other markets, policy shifts, political will changes
- Opportunity costs of CBFE members (time constraints and competition with subsistence or other income-generating activities)
- Scale insufficient for economic viability or greenhouse gas emission reduction impact

ANNEX 4: USAID STANDARD INDICATORS

The table below lists those indicators directly relevant to CBF E programming.

Most Directly Appropriate USAID Standard Indicators for CBF E.

Disaggregation categories (as applicable) are in **blue**. The relationship of each indicator to CBF E Enabling Conditions (EC) is in **bold**.

USAID Indicator Reference Code	Indicator Title and Disaggregation Categories
EG	EG Economic Growth
EG.3.1	EG.3.1 Agricultural Enabling Environment
EG.3.2-20 EC2	Number of for-profit private enterprises, producer organizations, water users associations, women's groups, trade and business associations and community-based organizations (CBOs) that applied improved organization-level technologies or management practices with United States Government (USG) assistance
EG.3.2-20b	Type of organization: Producer organization
EG.3.2-20d	Type of organization: Women's group
EG.3.2-20f	Type of organization: Community-based organization
EG.5.2	EG.5.2 Private Sector Opportunity
EG.5.2-1 EC3, 4	Number of firms receiving USG-funded technical assistance for improving business performance
EG.5.2-1a	Formal firms
EG.5.2-1b	Informal firms
EG.5.2-1c	New
EG.5.2-1d	Continuing
EG.10.2	EG.10.2 Biodiversity
EG.10.2-2 Result, all ECs	Number of hectares of biologically significant areas under improved natural resource management as a result of USG assistance
EG.10.2-2d	Illegal logging and associated trade
EG.10.2-3 EC2, 3	Number of people with improved economic benefits derived from sustainable natural resource management and/or biodiversity conservation as a result of USG assistance
EG.10.2-3a	Number of men
EG.10.2-3b	Number of women
EG.10.2-3d	Illegal logging and associated trade
EG.10.2-4 EC2, 3	Number of people trained in sustainable natural resources management and/or biodiversity conservation as a result of USG assistance
EG.10.2-4a	Number of men
EG.10.2-4b	Number of women
EG.10.2-4d	Illegal logging and associated trade
EG.10.4	EG.10.4 Land Tenure and Sustainable Land Management
EG.10.4-5 EC1	Number of parcels with relevant parcel information corrected or incorporated into an official land administration system as a result of USG assistance
EG.10.4-5a	Number of parcels corrected
EG.10.4-5b	Number of parcels newly incorporated
EG.10.4-6 EC1, 2	Number of people with secure tenure rights to land, with legally recognized documentation and who perceive their rights as secure, as a result of USG assistance
EG.10.4-6a	Male
EG.10.4-6b	Female
EG.10.4-6c	Individual

USAID Indicator Reference Code	Indicator Title and Disaggregation Categories
EG.10.4-6d	Joint
EG.10.4-6e	Communal
EG.10.4-6i	Rural
EG.13	EG.13 Climate Change-Sustainable Landscapes
EG.13-2 All ECs	Number of institutions with improved capacity to address sustainable landscapes issues as supported by USG assistance
EG.13-2a	National governmental
EG.13-2b	Sub-national governmental
EG.13-2c	Other
EG.13-4 EC4	Amount of investment mobilized (in United States Dollars [USD]) for sustainable landscapes as supported by USG assistance
EG.13-4a	Public, domestic
EG.13-4b	Public, international
EG.13-4c	Private, domestic
EG.13-4d	Private, international
EG.13-5 EC2, 3, 4	Number of people receiving livelihood co-benefits (monetary or non-monetary) associated with the implementation of USG sustainable landscapes activities
EG.13-5a	Male
EG.13-5b	Female

The complete list of USAID Standard Indicators contains several more that may be relevant depending on programmatic circumstances, including the role of CBFs in a broader cross-cutting project and funding source requirements. Bearing in mind the latter, there may yet be other additional indicators in the DR category related to conflict, corruption, and civil society that could be applicable if relevant to USAID's country strategy and the specific project that includes CBFs. (From <https://www.state.gov/ff/indicators/>) Red text entries denote required disaggregation of data (only categories potentially relevant to CBFs are included).

USAID Indicator Reference	Indicator Title
DR	DR Democracy, Human Rights and Governance
	DR.2.3 Local Government and Decentralization
	DR.4 Civil Society
DR.4.3-1	Number of USG-assisted civil society organizations (CSOs) that participate in legislative proceedings and/or engage in advocacy with national legislature and its committees
EG	EG Economic Growth
	EG.2 Trade and Investment
EG.2.1-2	Average time (in hours) to export goods along trade corridor receiving USG assistance
	EG.3.1 Agricultural Enabling Environment
EG.3.1-1	Kilometers of roads improved or constructed as a result of USG assistance
EG.3.1-1a	Construction type: Improved
EG.3.1-1b	Construction type: Constructed (new)
EG.3.2-5	Number of public-private partnerships formed as a result of USG assistance
EG.3.2-20	Number of for-profit private enterprises, producer organizations, water users associations, women's groups, trade and business associations and community-based organizations (CBOs) that applied improved organization-level technologies or management practices with USG assistance
EG.3.2-20b	Type of organization: Producer organization
EG.3.2-20d	Type of organization: Women's group
EG.3.2-20f	Type of organization: Community-based organization
	EG.4.1 Financial Sector Enabling Environment

USAID Indicator Reference	Indicator Title
EG.4.2-4	Number of days of USG-funded training provided to support microenterprise development
EG.4.2-4a	Male
EG.4.2-4b	Female
EG.4.2-4c	Employees of microenterprises
EG.4.2-4d	Management and/or staff of financial intermediaries that support microenterprises
	EG.5.2 Private Sector Opportunity
EG.5.2-1	Number of firms receiving USG-funded technical assistance for improving business performance
EG.5.2-1a	Formal firms
EG.5.2-1b	Informal firms
EG.5.2-1c	New
EG.5.2-1d	Continuing
EG.5.2-2	Number of private sector firms that have improved management practices or technologies as a result of USG assistance
EG.5.2-2a	Formal
EG.5.2-2b	Informal
	EG.10 Environment
	EG.10.2 Biodiversity
EG.10.2-1	Number of hectares of biologically significant areas showing improved biophysical conditions as a result of USG assistance
EG.10.2-1d	Illegal logging and associated trade
EG.10.2-2	Number of hectares of biologically significant areas under improved natural resource management as a result of USG assistance
EG.10.2-2d	Illegal logging and associated trade
EG.10.2-3	Number of people with improved economic benefits derived from sustainable natural resource management and/or biodiversity conservation as a result of USG assistance
EG.10.2-3a	Number of men
EG.10.2-3b	Number of women
EG.10.2-3d	Illegal logging and associated trade
EG.10.2-4	Number of people trained in sustainable natural resources management and/or biodiversity conservation as a result of USG assistance
EG.10.2-4a	Number of men
EG.10.2-4b	Number of women
EG.10.2-4d	Illegal logging and associated trade
EG.10.2-5	Number of laws, policies, or regulations that address biodiversity conservation and/or other environmental themes officially proposed, adopted, or implemented as a result of USG assistance
EG.10.2-5a	Number proposed
EG.10.2-5b	Number adopted
EG.10.2-5c	Number implemented
EG.10.2-5e	Illegal logging and associated trade
EG.10.2-6	Number of people that apply improved conservation law enforcement practices, as a result of USG assistance
EG.10.2-6a	Number of men
EG.10.2-6b	Number of women
EG.10.2-6d	Illegal logging and associated trade
	EG.10.4 Land Tenure and Sustainable Land Management
EG.10.4-1	Number of specific pieces of land tenure and property rights legislation or implementing regulations proposed, adopted, and/or implemented positively affecting property rights of the urban and/or rural poor as a result of USG assistance
EG.10.4-1a	Stage 1: Analyzed
EG.10.4-1b	Stage 2: Drafted and presented for public/stakeholder consultation

USAID Indicator Reference	Indicator Title
EG.10.4-1c	Stage 3: Presented for legislation/decreed
EG.10.4-1d	Stage 4: Passed/approved
EG.10.4-1e	Stage 5: Passed for which implementation has begun
EG.10.4-1f	Number related specifically to guaranteeing women's equal rights to land ownership
EG.10.4-2	Percent of individuals trained in land tenure and property rights as a result of USG assistance who correctly identify key learning objectives of the training 30 days after the training
EG.10.4-2a	Percent of Men Trained Who Correctly Identify Key Learning Objectives
EG.10.4-2b	Percent of Women Trained Who Correctly Identify Key Learning Objectives
EG.10.4-3	Number of disputed land and property rights cases resolved by local authorities, contractors, mediators, or courts as a result of USG assistance
EG.10.4-3a	Disputes resolved by local authorities
EG.10.4-3b	Disputes resolved by contractors
EG.10.4-3c	Disputes resolved by mediators
EG.10.4-3d	Disputes resolved by courts
EG.10.4-4	Percent of people with access to a land administration or service entity, office, or other related facility that the project technically or physically establishes or upgrades who report awareness and understanding of the services offered
EG.10.4-4a	Percent of men who report awareness and understanding of the services offered
EG.10.4-4b	Percent of women who report awareness and understanding of the services offered
EG.10.4-5	Number of parcels with relevant parcel information corrected or incorporated into an official land administration system as a result of USG assistance
EG.10.4-5a	Number of parcels corrected
EG.10.4-5b	Number of parcels newly incorporated
EG.10.4-6	Number of people with secure tenure rights to land, with legally recognized documentation and who perceive their rights as secure, as a result of USG assistance
EG.10.4-6a	Male
EG.10.4-6b	Female
EG.10.4-6c	Individual
EG.10.4-6d	Joint
EG.10.4-6e	Communal
EG.10.4-6i	Rural
	EG.11 Climate Change-Adaptation
EG.11-6	Number of people using climate information or implementing risk-reducing actions to improve resilience to climate change as supported by USG assistance
EG.11-6a	Male
EG.11-6b	Female
	EG.13 Climate Change-Sustainable Landscapes
EG.13-1	Number of people trained in sustainable landscapes supported by USG assistance
EG.13-1a	Male
EG.13-1b	Female
EG.13-2	Number of institutions with improved capacity to address sustainable landscapes issues as supported by USG assistance
EG.13-2a	National governmental
EG.13-2b	Sub-national governmental
EG.13-2c	Other
EG.13-3	Number of laws, policies, regulations, or standards addressing sustainable landscapes formally proposed, adopted, or implemented as supported by USG assistance
EG.13-3a	National, proposed
EG.13-3b	National, adopted
EG.13-3c	National, implemented

USAID Indicator Reference	Indicator Title
EG.13-3d	Sub-national, proposed
EG.13-3e	Sub-national, adopted
EG.13-3f	Sub-national, implemented
EG.13-4	Amount of investment mobilized (in USD) for sustainable landscapes as supported by USG assistance
EG.13-4a	Public, domestic
EG.13-4b	Public, international
EG.13-4c	Private, domestic
EG.13-4d	Private, international
EG.13-5	Number of people receiving livelihood co-benefits (monetary or non-monetary) associated with the implementation of USG sustainable landscapes activities
EG.13-5a	Male
EG.13-5b	Female
EG.13-6	Greenhouse gas (GHG) emissions, estimated in metric tons of CO ₂ equivalent, reduced, sequestered, or avoided through sustainable landscapes activities supported by USG assistance
EG.13-7	Projected greenhouse gas emissions reduced or avoided through 2030 from adopted laws, policies, regulations, or technologies related to sustainable landscapes as supported by USG assistance
EG.13-7a	Year of adoption through 2020
EG.13-7b	2021 through 2025
EG.13-7c	2026 through 2030

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