Lessons learned from piloting the development of an inclusive small forest owners development model

June 2021
1. Context

FSC launched the ‘New Approaches for Smallholders and Communities Certification’ project in 2016 to develop new tools for improving smallholders and communities’ certification uptake. In this first phase the project mainly has been working on the Normative Framework. This is an important step but revising and simplifying standards will not be enough to make FSC certification more attractive for smallholders.

The main challenge continues to be that FSC does not provide enough benefits to smallholders and communities who undergo a complex and costly process to manage their forest and become certified.

Various efforts have been made by FSC to address this problem. FSC has developed market access plans for several FSC certified forest operations to add value to FSC certification. However, it was obvious that a large number of different disabling conditions in each case made it difficult to implement these projects with an individual value chain approach. This would require several long-term projects with a high investment to support the implementation of those plans in different countries.

Furthermore, the New Approaches project explored the possibility of working with a program, which draws on several interconnected ideas to overcome some of the barriers. However, the program also has an individual value chain approach, assisted by external experts, and does not address the various specific local disabling conditions.

Based on these experiences, the New Approaches Project sought a methodology that meets the following conditions:

1. It can be used globally.
2. It takes into account local specificities.
3. It is inclusive.
4. It allows for the implementation of a systemic approach, with the aim of addressing the enabling conditions for responsible small-scale and community forestry.

The Collective Impact Methodology is proposed by FSC New Approaches Project to develop collaborative and systemic processes in countries or region to address disabling conditions for responsible small-scale and community forestry.

This new approach will require a shift in mindset, to think about the impact of creating better livelihoods for smallholders in the long-term – and what that might mean for increased FSC certification and engagement in the future.

New Approaches chose two countries and one region to implement the Collective Impact Methodology: Chile, Brazil and Mesoamerica.

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1. One of the new tools launched by FSC is the Collective Impact model, a methodology created by Stanford University for tackling social issues, that is proving to be very useful to co-create purpose driven business solutions with add value to smallholders and communities. That methodology has been implemented in the last year in different forestry settings.
In Chile, there has been an impressive development of the forest sector (plantations) in the last 4 decades, reaching an area of 3.1 million hectares, of which 74% is certified under FSC and 77% of the certified area is owned by 3 large companies. Likewise, the big pulp, paper and fiberboard companies mostly are FSC certified. These companies have sustainability policies and strategies, but there is a general perception that corporate social responsibility (CSR) policies should be strengthened throughout the supply chain, increasing the contribution to local development and, consequently, the positive impact of FSC by implementing a more inclusive development model.

Smallholders and communities have a lack of incentives to manage their forest and to become certified, because, on the one hand, the benefit sharing from their participation in forest supply chain is not significant enough and, on the other hand, the level of degradation of smallholders' native forest is growing. This whole situation reinforces the importance of implementing responsible forest management measures.

So, in Chile a more inclusive forest development model is needed and there is room to grow in responsible forest management and inclusivity through the development of small-scale forestry. This goal will also contribute to eliminating rural poverty. Implementing a long-term vision, involving all key actors, is required.

This project aims to trial a methodology and find solutions that FSC certified forest management carried out by smallholder and communities contributes to improve their livelihood and decrease inequalities; to achieve an effective value share through the FSC certified supply chain.

Large forestry companies play a fundamental role in this process because of the opportunity to contribute to a greater participation of smallholders in the market through their inclusion in the industry supply chain in a framework of business sustainability and shared value. They have the experience, knowledge, and competitiveness in value chains, but there are other considerations and relevant actors.

The Project proposal is to create the conditions for a collaborative mid and long-term processes between different players, such as smallholders and communities', environmental organizations, governmental representatives, academy and research institutes and FSC certified companies, using “Collective Impact” framework.

In the planning process of this initiative, together with the Board of Directors of FSC Chile, FSC NA and with the participation of an expert in rural development, hired to collect relevant information on the ground, we realized that an approach focused on the forest value chain was not sufficient to understand the challenges of the smallholder sector.

Among others, these challenges are the diversity of actors that operate in the sector, the diverse relationship with the forest, the local economies linked to the smallholders and their subsistence needs. The ‘collective impact’ framework also led us to look beyond the forest value chain and identify all the key players that cannot be missing in the development of the small-scale forestry.

Therefore, a systemic approach was adopted. Likewise, mechanisms were sought to build a joint vision that would be the basis of a common agenda for the development of the sector.

In this context, a first step in this project has been to build, through a participatory process, a common vision, among relevant key players/actors, about the current situation of small owners (of plantations and native forests) in the national forestry sector.

The main challenge is to build a common agenda based on a shared vision of change of all participants, seeking for a common understanding of the sector, barriers to be dissolved, areas of improvement and potential opportunities for development of small-scale forestry as part of an inclusive development forestry model.

FSC Chile was chosen as an ISEAL pilot and we are in the middle of a one-year process, to identify key elements of an inclusive development model for smallholders. We also count with the technical and strategic support from FSC New Approaches team.

The pilot project began in March 2020 under the direction of FSC Chile. A work team was formed made up of the board of directors of FSC Chile, Executive Director and Expert Consultant in Rural Development. A collaboration agreement was signed between FSC Chile and CONAF (National Forestry Agency) in order to strengthen the development of the project.
3. Planning Process

The following diagram shows the planning process that has been designed to achieve the project objectives. This process is aligned with the ISEAL proposal and the Collective Impact Methodology.

4. Understanding Context

4.1. Defining the problem and goals

The study in this phase was focused on being able to identify the reasons why smallholders do not participate in certification processes of responsible forest management practices, and obtain opinions regarding the conditions that should be operating to get involved in these processes. We interviewed smallholders and other relevant actors within the value chain to hear their opinion.

4.2. Mapping of key actors and characterization of the sector

A mapping of all relevant actors was organized using a value chain approach, followed by a deep involvement of those actors on the process. Mapping is helping us to understand the complexity of the system, its heterogeneity, different interests and perspectives of the sector, expectations, actors behavior, the approach to their forests in the local social and economic context, the relationships between them and other actors in the value chain, identifying conflicts, pros and cons to get involved in responsible forest management in a way that creates value for them.

In the diagram shown below, the map of relevant actors associated with smallholder with a value chain approach is presented. Its identification was made based on the theory, bibliography, case studies and the experience of the team in charge of the project.
The mapping of relevant actors made it possible to establish an agenda for in-depth interviews. More than 40 key actors have been interviewed to date. The first round of interviews involved, among others, local governments, forestry agency, NGO’s, actors of the timber value chain, contractors, FSC auditors, collectors and honey producers, wood artisans, firewood collectors and sellers, big forestry companies, representatives of smallholders and related organizations.

For the next steps in the process, it is important that no relevant actor is missing from this exercise. Efforts are currently being made to identify all views and perspectives and use this for future change decisions. We also learned during this process that no single party has the complete picture of the situation. With this mapping, the process of alignment and decision of the actors will begin and access to information and tools that are relevant for the next steps will be facilitated.

The systemic approach proposed in the ISEAL framework is best applied to address the challenges of this project. Assuming a systemic approach to address the issue, the value chain idea was assumed only as a methodological resource to identify actors that, directly or indirectly, appear linked / involved with these small and medium producers and their main characteristics.

For the sector characterization, also secondary information source has been used (censuses and statistics) for a general characterization of medium and smallholders.

4.3. Market status

Regarding the market of timber products from the forest, currently there are no major changes. The main products are firewood and wood, and a significant part is marketed through informal mechanisms.

Where some changes have been observed is in the Non-Timber Forest Products (NTFP) Market, because of the opening of national / international markets. This has led to some certifications regarding products’ origin and relationships and agreements between forest owners and stakeholders working on NTFP collection and use of forest services.

The main topics addressed were:

a) Conceptualization (definition) of small and medium-sized producers, a topic that became one of the critical points of the study considering that there is no consensus on the scope of the concept.

b) Relevant actors linked / involved with these small producers and their main characteristics.

c) Perceptions on the willingness of small and medium producers to participate in the certification processes of responsible forest management practices and the feasibility of doing so.

For the sector characterization, also secondary information source has been used (censuses and statistics) for a general characterization of medium and smallholders.

5. Context analysis through key questions

In the next section the information gathered from the ground is then systematized by answering the key questions proposed in the ISEAL framework to understand the context.

5.1. What are the most important sustainability challenges and the root causes of those challenges?

Considering small and medium holders are the key actors of this project, the main challenges for sustainability are:

a) Characteristics of households in general, and in particular of the farm managers: small households, conformed by aging people with little possibility of generational change.

b) Importance of the forest productivity in the household economy in general: the forest appears as a secondary resource in the productive organization of the property, seeing it rather as a safe resource in the face of unexpected requirements. Therefore, there is no willingness to introduce new forest management practices, as what has been done so far satisfied the farm/unit’s requirements.

c) The non-continuity of the productivity farm/unit over time because of the partial or total sale, due to the interests of the heirs. These actions can put at risk particularly the forest area in the unit (deforestation) because of other use interests, for example, real estate development.

d) Given the geography of the country, among other variables, this is a sector highly heterogeneous. When considering concrete actions, it will be essential to consider the variable “territorial space”. This implies, among other difficulties, being able to clearly identify the units that are classified as small and medium producers.

e) An institutional framework that focuses on standard procedures and with limited capacity to significantly impact the sector, negative image of public institutions among small producers. There is little systematized secondary information available and / or updated; a major obstacle is the lack of clarity when establishing criteria that allow identifying, delimiting and characterizing both small and medium sized producers, a limitation shared by both the government and other public institutional actors.

f) It is unattractive for smallholders to get involved in processes whose “products” do not represent for them significant improvements in their income; it seems to be involved in a process that has more risks than benefits.
5.1.2. What are key trends and opportunities for change?

Regarding to the results obtained so far, it is possible to identify the following trends:

a) The presence among smallholders of a population of non-rural origin (neorural), of relatively recent appearance, who are buying land with forest, and for whom the forest represents a natural resource that must be protected. Likewise, there is the case of people from the place who emigrated and have returned to the rural sector, bringing with them new ideas, including caring for the environment and natural resources.

b) Emerging and consolidation of activities related to non-timber forest products that generate a symbiotic relationship between smallholders and other relevant external stakeholders (e.g., collectors, honey producers, etc.), relationships that are positive for the maintenance and proper management of the forest. Likewise, other activities appear, such as rural tourism, activity strongly supported by the forest.

c) Closely related to the above mentioned, but from a negative point of view, the emergence of actors who, because of market signals, are working in the extraction of non-timber forest products, through bad practices, overexploiting the forest, provoking social conflicts and destroying/degrading the forest resources.

d) To address the living conditions and the sustainability of natural resources in local territories, it is emerging the idea that coordinated and collaborative actions are required between the different actors at local level, directly or indirectly, public and private.

e) Certification institutions of productive practices, there is an emerging consensus that certifications cannot be formulated and applied universally.

5.1.3. Who are the most influential stakeholders that need to change their actions in addressing the challenges?

To address the challenges, at least the following actors need to modify their actions:

a) Smallholders and medium producers themselves.

b) Stakeholders who have traditionally acted as a link/intermediaries between the producers and the final consumers of forest products (different types of merchants).

c) Governmental agencies.

d) New actors settled in forestry territories introducing new dynamics in them.

e) Certification institutions of productive practices, their purpose is to develop, implement and execute policies, programs, and projects to promote forest management among producers of diverse scale. Smallholders perceived them only as law enforcement officers rather than promoting and facilitating their participation in the programs and policies, some of them particularly due to legal difficulties (property titles, irregular tenure, etc.).

d) Regarding the diversity of new actors that come to rural territories, it can be said that those who fall into the category of “neo-rurals” see the territory as a residential place that offers a lifestyle different from urban ones. Therefore, its relationship with resources in general, and the forest in particular, tends to be conservation oriented. A complex situation arises due to this, the radical nature of some of these actors that promote zero intervention on resources; potential conflicts with traditional residents of the territory could arise because of this too.

e) Finally, certification schemes focus their attention on the application of universal protocols of good practices, sometimes ignoring the singularity / particularity of producers, and their scale. There is a strong idea that certification itself will generate a market benefit, underestimating other important dimensions that are not expressed in the market. It is recognized among smallholders that certification, as it stands now, will not generate benefits that outweigh the effort of being certified. This has already been identified by the FSC New Approaches team and the pilot projects under development are precisely oriented to find solutions in a way that FSC certified forest management carried out by smallholders and communities contributes to improving their livelihoods.

5.1.5. Which incentives and capabilities exist for them to change?

a) It can be said that there are no great incentives for smallholders to change their practices so far.

b) In the case of governmental agencies, there are powerful reasons for them to modify their actions and there are also resources and capacities in place to sustain the process. But there are ideological-political factors that play in favor of certain approaches, and related strategies, focused on individual action guided by market signals, which have shown to have strong limitations when thinking about sustainable development, socially, economically, cultural and in particular environmental.

5.1.6. Who or what are the main change agents?

a) The main change agents in this process are, first, smallholders and medium producers, and then the intermediaries between them and the rest of society. If
these actors do not commit themselves effectively, not only declaratively, with responsible forest management practices, the actions that other actors may undertake with this same objective, public and private, will not have sustainable results and impacts over time.

b) Governmental Institutions also play a central role in this process, they have resources and capacities that should give meaning and support to the general strategy. This is why it is important to reorient the meaning of their actions and practices.

c) Finally, society must be willing to recognize and reward the contribution that smallholders and medium producers make to society through the maintenance / conservation of forests, particularly in the wide range of environmental services.

5.1.7. Which initiatives already exist and how do they relate to each other and the key stakeholders?

No major initiatives have been identified in the framework of the problem studied so far. We could mention a government program oriented to the management of native forest controlled by smallholders.

Likewise, there are some experiences of coordination among different actors that have relationships with smallholders, such as NTFP collectors and bee producers.

In some regions of the country, we can find joint work initiatives between medium and smallholders to participate in certification processes (Group Certification). They are local experiences and without much coordination between them.

There is also a Certification Group integrated by small and medium producers managed by a large-scale certificate holder (CMPC) and integrated into its value chain. The company does not demand exclusivity, is paying a better price for the timber as a monetary incentive for FSC certification.

The systemic approach has been assumed in this project from a methodological but also practical point of view. From the methodological point of view, it allows identifying the components of the system (relevant and key actors), accounting for the relationships that are established between them, from a holistic perspective.

From a practical point of view, this should allow us to start with building a common vision between the different actors related to the responsible management of the forest by smallholders. In addition, the systemic approach allows us to overcome the idea of individual impact and place it at the level of collective impact, the “collective impact rests on a systemic strategy.”

The development of the stakeholder map was based on theory, a bibliographic review of case studies about the situation of small and medium producers with forests, and the experience of the team in charge of the project. It was evaluated that the study strategy could not be circumscribed to the small and medium producer since his presence or existence is the result, among other causes, of the existence of other groups that are in permanent interaction with him. Those relations are based on the strategy of each one of the other groups to achieve its own objectives.

This gives rise to a complex system that for its study cannot be deprived of complexity, since this is one of its attributes or characteristics. And therefore, the use made of the forest in these units is the result of a process in which both internal characteristics of the units and the other actors with whom it is related intervene. The study should allow for delving into the characteristics of the system and the relevance of the different actors in the process in the use and management of the forest.

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On the one hand, we can see that there will be no collective impact if the situation or phenomenon studied is not approached from the perspective of interdependence between the parties; that is, from a systemic approach. Every social phenomenon can be understood as a system: the different component elements of the phenomenon interrelated with each other. This means that any incidence on one of them affects all the elements with which it has a relationship.

The collective impact feeds on this principle. The actions carried out will generate an impact far beyond the specific group with which you are working. For example, an initiative with small farmers will generate dynamics that will impact a wide group of other actors in the system (collectors of non-timber products, firewood traders, beekeepers, etc.)

The scope of the collective impact will not be understood, and the same possibility of speaking of collective impact if we do not have a systemic approach. By virtue of the above, and in practical terms, everyone should be part of the process.

Systemic strategies have an added value since, at the same time that a value chain approach is being sought, a broader vision and social recognition of actors will also be considered that, if not for this perspective, would not be considered as part of this process.

6. Understanding Strategies

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7. Final comments

The learning loop framework

Regarding the question in the ISEAL paper about: Does the learning loop framework make sense? How can it be improved? (page 3)

The framework is part of what is traditionally used to perform these types of processes. So, it makes sense. However, we think that there are at least two aspects that in our opinion are important and are part of the lessons learned from our experience: (1) sustainability can not only be focused on the value chain; this is the result of the interaction of multiple actors and therefore must be extended to the idea of a chain of the social, economic and cultural process. That is why we focused on identifying a group of actors that were linked / related, directly, and indirectly, with smallholders, both in their backward and forward linkage. Each of these actors was interviewed. (2) The project has assumed the orientation that the process does not start from a position in which the team in charge of the investigation is located in front of the smallholders to provide them a service (“working for…”), but rather that the process rests on a joint action, where the team collects information, systematizes it, shares it, discusses it and concludes “together with” the smallholders. A reference could be made to the participation of the different actors in the process.

Also, questions regarding the ways of smallholders’ participation in these processes should be considered. An additional question could ask if and how smallholders’ perception, evaluation and actions are considered within the strategies designed and implemented by external agents.

Another aspect to be surveyed has to do with the role played by the team in charge of the investigation. To the extent that this is done from a participatory perspective, the team assumes itself as one more actor, stresses and intends the strategy: it rests on gathering information, facilitating discussion and debate between the different visions, and advancing in the elaboration of a joint look at the proper management of the forest among small and medium producers.
Next Steps

a) The project is currently extending the interviews to different smallholders' groups.

Given the restrictions caused by the Covid-19 pandemic, and the difficulties in collecting information in the field, online focus group interviews have been conducted, which has allowed us to deepen our knowledge regarding the characteristics of smallholders and their perception about the forest management and certification processes. There were limitations due to COVID-19 in not being able to hold meetings face-to-face in the countryside and having individual conversations (semi-structured interview) and in focus groups, so the project has to be adapted to access the informants. Many institutional key actors were accessible via videoconferencing. To access smallholders, in rural areas, where in addition to the COVID protocols were stricter, alliances with professionals and FSC members were established who related with smallholders. This was mainly in the southern and southern central part of the country, where the highest number of smallholders are located. They had the mission of facilitating contact with smallholders, either meeting them in a safe place and/or directly in their houses, from where the connection via telephone or internet was established. Up until now, all information obtained has been through this way so we can conclude that the experience has been completely satisfactory and the objective has been achieved. In addition, this has allowed to reach places which, having used the present modalities, would have required more time and resources. No discomfort with the use of the online communication modality has been perceived among the interviewed people, to which the high level of familiarity that exists already with the communications technologies has without a doubt contributed.

b) It is expected to gather public information (Conaf) to complement/deepen the general characterization of medium and smallholders at national level.

c) Based on the primary information collected, new performance/impact indicators have been identified to be considered when formulating guidelines for the recognition and certification of good practices among smallholders, taking into consideration the specificity of this type of producer.

The construction of indicators that account for good practices among small producers require, first of all, to consider the specificities of this type of producers, for whom the activity and objective of it is fundamentally characterized by the idea of subsistence. In addition, the approach to them must be done from the perspective of a productive system whose central attribute is multi-activism, so they are units that carry out multiple activities of a diverse nature (agriculture, livestock, harvesting... and forestry). Furthermore, it should be considered that they are carried out in a unit that is simultaneously a unit of consumption and production.

But it also recognizes the presence of other units alongside which they make up a larger social instance (locality or community), setting up a broad network of productive, economic, social and cultural links.

Any attempt to construct indicators cannot ignore the points outlined.

Impact (quantitative indicators)

- Number of hectares new FM-certified plantations included in sustainable supply chain.
- Number of hectares deforestation-land use change avoided.
- Number of values chains based on products or services derived from the forest (beekeeping, harvesting, etc.) and their impact on forest management generated.
- Number of hectares under the umbrella of new FSC solutions.

Governance

- Development of forms of social control at the local level (governance); social definition of good environmental management.
- Strengthening of participation and representation processes of the rural sector (smallholders) in decision-making spaces (local power).

Process

- Number of governmental institutions/officials trained in FSC solutions.
- Number of new governmental regulation/incentives for sustainable small scale and community forest management.
- Number of actors involved in the Collective Impact initiative

2. FSC Global Strategy 2020 (Outcome 1.1.2)