Policy Brief
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Community Forests as Social Enterprises – Pathways to Achieving Local Development in Cameroon

Policy Recommendations

1. Recognize community forestry as a unique kind of social enterprise that promotes rural development and provides global environmental goods
2. Provide a regulatory environment that is more supportive of community forest groups to do business
3. Provide public finance as start-ups/seed funds and de-risk community forest enterprises for private sector funding
4. Develop the business capacity of community forest groups and their facilitating CSOs by linking them to social enterprise business support institutions and training opportunities
5. Set up a one-stop-shop support mechanism that assists communities to identify business ideas, develop and implement business plans
6. Encourage research and learning about community forest enterprises to serve as motivation for potential new ones

Key Messages

• Community forest enterprises can be used as effective tools to achieve local development in rural communities, and thus should be considered as a pathway to realizing Cameroon’s decentralization policy.
• There is need to move away from entity creation and sustenance to enterprise development. As such, policies that effectively support CFs to emerge as social enterprises are crucial.
• CF challenges in Cameroon are similar to those encountered by social enterprises elsewhere.
• Creation of the Ministry of Small and Medium Size Enterprises, Social Economy and Handicrafts (MINPMESSA) in Cameroon presents great opportunities for moving a CF-based social enterprise agenda forward.
• Community forest enterprises (CFEs) may be more difficult to create and maintain compared to other social and conventional enterprises due to limited skills and capacities of facilitating civil society organizations (CSOs).

Summary

Social enterprises can be defined as non-profit making organizations that conduct business activities and are expected to generate profits that can be reinvested back into the local community to fund social and environmental causes. In Cameroon, community forests (CFs) are legal entities that are expected to generate profits which are then ploughed back to fund social development projects in their communities. Therefore, they could also be described as social enterprises. However, CFs in the country neither operate as social enterprises nor benefit the communities for several reasons. One reason could be the lack of understanding of what social enterprises really are. This document recommends that CFs be officially recognized as social enterprises in order to enjoy business support by the current infrastructure that is in place.
This policy brief is meant for policy makers and development actors interested in using the concept of community forestry to sustainably manage forests and improve livelihoods.

1. **Background: Community Forests and the Social Enterprise Approach**

Community forestry (CF) is considered an important form of forest management. It was developed in response to concerns that centralized forest management in developing countries had not resulted in sustainable management of the resources. In Cameroon, the Forestry, Wildlife and Fisheries Regulation Law 94/01 of 1994 created a great opportunity for local communities to have the right to manage and benefit from forest resources located in and around their villages. This provision in law granted the communities rights to exploit and manage forest resources in a participatory manner and on the basis of a management agreement signed with the government, which includes a simple management plan (SMP). In fact, the law and its 1995 text of application had three main aims: (i) to create jobs and generate income in rural areas; (ii) to improve the living conditions of the people; and (iii) to ensure sustainable management of the environment while meeting the basic needs of rural communities.

However, community forests in Cameroon have encountered several challenges which have prevented them from meeting their stated objectives (Schneemann & Van Benthum, 2012; Oyono, 2004). These include, but are not limited to, the following:

1. **The legal entities that are supposed to manage CFs on behalf of the entire community do not usually guarantee community participation.** In fact, based on the 1994 Forestry Law and its 1995 text of application, a community forest may take one of the following forms: common initiative groups (CIGs), cooperatives or associations. These structures are often described as weak, ill-equipped and illegitimate (Oyono, 2004a; 2004b). In most cases a few community members, mainly comprising the elite, who initiate and pilot the creation of these groups often decide amongst themselves to share management positions and hardly ever include the local population in management of the community forest (Mandiefe et al., 2018). In some cases legal entities that are alien to existing traditional institutions are imposed (Diaw and Oyono, 1998).

2. **Once the legal entities are created, operational costs and technical skills needed to establish simple management plans and conduct an inventory of resources which are pivotal to the establishment of CFs remain out of reach for most communities.** In addition, high transaction costs often force communities to increasingly depend on logging companies for funding. This comes with illegal practices characterized by the fact that some of these logging companies whitewash illegally harvested wood as coming from community forests.

3. **Even where partnerships with economic forest operators exist, these are often very fragile; millers and buyers sometimes put the community under pressure during harvesting and trade negotiations.**

4. **Very little and in some cases, none of the funds generated from CF activities is used for community projects.**

5. **Though the forests are endowed with resources of high economic and market value, these are hardly ever transformed into viable bankable business plans, that can attract funding from the private sector (Foundjem-Tita et al., 2019).**

While a number of successful policy cases can be cited, the policy framework for community forestry created within the 1994 Forestry Law did not provide an adequate context for CFEs to emerge (Mbile et al., 2009). Along the lines of enterprise development, emerging literature has questioned and documented the business side of community forestry (Nueseri, 2014; Foundjem-Tita, 2019) and the capacity of their leaders to effectively manage such forests as business entities. One question that could be asked is whether community forests in Cameroon can be run to generate profit and still meet their social and environmental objectives.

According to FAO (1992) community forestry has suffered from considerable confusion and lack of clarity on its nature.
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and purpose. The umbrella term seems, on occasion, to obscure the fact that projects that support community forestry vary considerably and in some cases the objectives, design and performance of some of the initiatives lack precision as to which objectives are being targeted and which priorities are pursued at any given time. The merits and potential of targeting different objectives in a community forest – conservation, livelihood and income – should be rigorously assessed based on the context. One context that is often neglected in the literature is one of CFs as social enterprises.

In this brief, we set out to see how best to transform CFs in Cameroon into functional social enterprises.

2. What are social enterprises?

The concept of social enterprises was relatively unknown and unused in America and Europe until the early 1990s. In the US for example, Harvard Business School launched the Social Enterprise Initiative as one of the social milestones of the period (Defourny and Nyssens, 2012). Since then, the concepts of social enterprise and social entrepreneurship have received wider recognition. The OECD (2013), for example, recognize social enterprise as a beneficial approach to local development, job creation, reintegration into the labour market and supplier of social and economic services. Since this period, discussions on the topic has also intensified in Latin America. For example, the Social Enterprise Knowledge Network (SEKN) was formed in 2001 under the leadership of some Latin American business schools and the Harvard Business School in partnership with the AVINA Foundation as a demonstration of interest in the topic. Additionally, many European countries have passed new laws to promote social enterprises, and Cameroon has not been left behind.

There are various definitions of social enterprises, and while experts in the domain may master the concept, amateurs may have difficulty understanding what they are. The lack of understanding may itself be a barrier to the type of assistance that may be required to develop the sector. In Britain, for example, there was relatively less business support for social enterprises by 1999 because they were not well understood and rarely promoted by the existing infrastructure (Hines, 2005). It is thus important that we include a brief definition of the concept.

Social enterprises are business units with social and environmental objectives. They can also be defined as organizational entities that have both social and business purposes (Hines, 2005). Another school of thought defines social enterprises as non-profit organizations which conduct business activities; the profits generated are used to meet their social objectives (Defourny, 2001; Quarter et al., 2009). Social enterprises can also be described as self-sustaining businesses with social and environmental goals.

3. The Basis of Community Forests as Social Enterprises in Cameroon

i) Why community forestry in Cameroon requires a social enterprise approach

The definition of a community forest in the 1994 Forestry Law aligns with that of a social enterprise in that it highlights the dimension of a community forest as one that trades for a social or environmental purpose while striving to do business to serve its community. In fact, the community

Members of Mekom Njangsang Enterprise measuring, drying and packing Njangsang for sale
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Forest is authorized to carry out production functions, for example, timber, timber products, non-timber forest products and hunting, and performs environmental functions such as protection of animal and plant species, and water sources. While there are various characteristics of social enterprises, one or two are unique to the objectives of a community forest, specifically sustainable forest management, social inclusion and equity.

In general, CFs as defined by the law have the following additional characteristics that qualify them to be identified as social enterprises, and should thus be considered as such. Some of the features include the following:

- The legal entity is either a common initiative group (CIG), cooperative, association or economic interest group (EIG) that manages the forest on behalf of the local community
- The law specifically states that the income generated must be used to develop the community
- The legal entity should be representative of all groups within the community, including women, youth and minority groups

ii) To what extent does the policy environment in Cameroon address social enterprises?

The Ministry of Small and Medium Size Enterprises, Social Economy and Handicrafts (MINPMESSA) is the government arm in charge of promoting social enterprises in the country. The Government of Cameroon uses the definition of social economy as agreed upon by participants at the Conference on the Social Economy: Africa’s Response to the Global Crisis, which was held in Johannesburg, South Africa in 2009. It thus defines the social economy as, “companies and organizations – in particular cooperatives, CIGs, associations and foundations. However, the website of MINPMESSA notes that not all entities registered in these legal forms belong to the social economy. This suggests that despite the existence of MINPMESSA, and promotion of forest product-related activities by the ministry, community forestry may not be fully interpreted as an activity in the social economy. This is especially because CF is often confused with timber exploitation which is perceived as a high-income activity. Therefore it would not be categorized as pro-poor, and thus not warrant context-specific policies aimed at promoting entrepreneurship in the sector. In fact, transformation of NTFPs is one of the few activities in the forestry sector which benefit from MINPMESSA. Yet, diverse enterprise types can be developed within community forests.

This publication argues that community forestry and related activities should be recognized institutionally as belonging to the social economy and context-specific policies should be designed in order to meet the triple objectives of job creation, generation of profits and sustainable forest management. For this to happen, CF must be guided to fulfill the conditions as defined by MINPMESSA. These include:

- Primacy of people and social purpose over capital
- Application of the results obtained from the economic activity, mainly based on the work carried out and service or activity performed by the members, and where applicable, to the social purpose of the entity
- Promotion of internal solidarity, volunteering, affiliation and commitment to promoting self-help, self-reliance and local identity, while taking into account people at risk of social exclusion and the generation of stable and quality jobs
- Contribution to the creation of wealth and jobs, to economic growth and to the reduction of poverty
The mission of the Directorate of Social Economy gives MINPMESSA the opportunity to liaise with competent ministries, in this case the Ministry of Forestry and Wildlife (MINFOF), to develop social enterprises in the forestry sector in Cameroon. MINPMESSA has a program that supports the creation and development of SMEs involved in transforming and creating local products for mass consumption. Entrepreneurs involved in the production and transformation of non-timber forest products are supported within this program.

However, much needs to be done to instill the spirit of entrepreneurship into the missions of many existing CF groups as most of them seldom generate any revenue and many have remained inactive since creation.

4. Why Community Forests in Cameroon are not Categorized as Social Enterprises: Lessons from Past Projects

i) Initial CF projects concentrated on creating legal entities rather than development of business skills support

In the early stages of community forestry development in Cameroon, many projects such as the Capacity Building Program (2002-2005) of MINFOF were designed to strengthen the technical and professional capacities of many civil society organizations. This resulted in the emergence of a good number of CSOs which assisted community forest groups to initiate and manage forests. Besides CSOs, the Capacity Building Program (CBP) also focused on building the capacities of government officials in order to enable them to effectively enforce the community forestry policy and instruments. Even though it is not clear how effective these interventions have been, it can be considered as a move in the right direction because it facilitates the setting up of a more appropriate institutional environment. Other projects on CF in Cameroon at the same time focused on building the capacity of individuals to take up specific roles in the structural set-up of community forests.

However, only a few projects supported the same groups or new ones to identify, design and run CFs as viable enterprises. In fact, a review of projects and programs on community forestry in Cameroon revealed that while issues of good governance and accountability are often emphasized by CSOs, there is little evidence to prove that the organizations function on these business principles. We argue here that new initiatives on community forestry should shift from assisting forest communities to creating new community forests and developing their simple management plans, to actually operationalizing the simple management plans into business ideas. The latter requires providing business start-up training to community forest groups to operate as viable enterprises, including counselling and mentoring on business principles. This shift in intervention will solve current crises, specifically where community forest groups lack the technical knowledge to create and manage local enterprises, and to liaise with financial institutions for funding and business growth.

While it is necessary for conventional social enterprise agencies to provide business support and development services, there is also need for specialized agencies to target CFEs. Projects targeting social entrepreneurship within the context of community forestry should specifically focus on:

- Identifying profitable business ideas including payment for environmental services and other forest-related products and services
- Building capacity and facilitating the development of business plans with emphasis on product and market analysis and development
- Promoting quality improvement strategies along different product lines
- Improving leadership skills of CF managers, as well as those of recruited staff
- Improving business and financial management capacities (internal management, bookkeeping and basic accounting)
- Building other leadership skills related to communication, conflict resolution, etc.

Most importantly, as social enterprises they should be encouraged to not only generate profits, but to reinvest the profits for the benefit of the wider community and the environment by conserving the forest as prescribed by law.

ii) Misconceptions on what community forests really are

In Cameroon, the evolution of the concept of community forestry indicates that programs and projects are designed at different times to address specific needs as perceived at the time, by different actors. This can be interpreted to mean that community forestry has suffered from considerable confusion and lack of clarity as to its nature and purpose. The inclusion of the term “forestry” seems on occasion to have obscured
the fact that the objectives of community forestry is to improve the livelihoods of rural communities with potential for environmental protection.

In fact, lots of misconceptions characterize community forests in Cameroon. They are often misconstrued by the beneficiary communities and other stakeholders as timber producers who generate lots of profits, because to them, a forest is synonymous to timber. This may explain why most community forest activities in the past have focused on timber exploitation. Yet they face challenges and also lack the necessary skills to identify alternative income-generating activities. If classified as a special kind of social enterprise, it will be possible to nurture inclusive entrepreneurship in the sector that is gender-sensitive and emancipates minority groups such as the Bakas. Instituting community forestry as a special kind of social enterprise will facilitate the development of diverse successful business activities and models around different forest resources (NTFPs, water, waste wood, eco- and cultural tourism) to attract potential social entrepreneurs.

iii) Lack of financial and material support

One of the objectives of creating community forestry is to assist populations that are generally described as poor to take advantage of their natural environment and come out of poverty. However, raising capital in rural areas is not easy for this category of enterprises. This is because these individuals do not generally have the relevant investment capacities and often lack access to credit and finance; possibly also because of perceived risks of such businesses by banks and other micro-finance institutions.

In the agricultural sector, it is common for policy makers to support small start-ups in the form of equipment to farmers. Members of CFs are not any richer and thus may need similar support to start forest-based enterprises. It could come in the form of tools and equipment for processing NTFPs and/or equipment for timber exploitation. These types of initiatives have started gaining ground in Cameroon through a few development and government-sponsored initiatives such as the RIGG project. We, however, recommend that provision of production materials and equipment should be accompanied by adequate needs assessments and training to use and manage such kits. Support to purchase heavy equipment that cannot be afforded by a single community forest group or project can be obtained through a joint purchase and management agreement between several groups.

One problem that CFEs face is linked to the fact that such enterprises do not always have the capacity (technical and scale) to compete with other timber operators. They do not also benefit from some advantages that small- and medium-sized enterprises in other sectors enjoy. For example, CFEs were initially exempted from felling tax. However, this was recently reinstated due to the misconception of what CFEs are and also due to their involvement in illegal practices. This makes it impossible for these enterprises to compete in the market and with other timber producers because their per unit costs are generally higher.

5. Recommendations for Policy Support

Although a legal framework as described by MiNPMESSA exists, it is very important to recognize community forests as functional social enterprises. For example, the United Kingdom introduced a specific legal form of social enterprise dubbed, “Community Interest Company” which benefits from improved tax treatment and other support (OECD/European Commission, 2013).

The following points present areas where policy support is required to promote the concept of social enterprises in community forestry in Cameroon:

1. Put in place an enabling legal, regulatory and fiscal framework that considers the social and environmental mission of CFEs. This will require a clear legal description and inclusion of community forests and their related activities in the social enterprise sector in order to avoid confusion. The legal description will have to be accompanied by simple procedures on how to set up enterprises in order to instill legality in the sector. Additionally, an enabling fiscal incentive could contribute to promoting investments in the community forest sector.
2. **Promote positive attitudes towards CFEs as a first step to creating an inclusive social enterprise dimension in the forestry sector.** This initiative should be gender-sensitive and target women, youth and minority groups who are seldom involved in timber-related activities.

3. **Provide public finance as start-ups/seed funds and de-risk community forest enterprises for private sector funding.** Policy makers need to understand that CFEs lack the human and financial capacity to start as conventional businesses. Public funds can thus be used to meet the social costs of setting up such enterprises. Examples include: provision of assistance and guidance to develop viable business plans with clear orientation towards social development priorities. Public funds can also serve as seed funds in the early stages of the business until they break even. Thereafter, the private sector could come in with loans to finance growth. It is thus important to provide evidence and increase understanding of CFEs to the traditional banking sector.

4. **Develop the business capacity of CF groups and their facilitating CSOs by linking them to social enterprise business support institutions and training opportunities.** For community forest groups to operate like social enterprises they need adequate business support. However, the CSOs which commonly aid such groups may not have the required capacity to provide training on business development and advisory services. It is therefore important to develop the capacity of local CSOs that will in turn train the groups. It is important that incubators be created on various enterprise types available and feasible within the community forest sector. This will avoid over-crowding around timber which for the moment seems to be the most preferred activity. Examples of successful cases can then be documented and disseminated.

5. **Promote research and learning.** This will enable assessment of different needs and typologies of CFEs and how they meet the social and environmental objectives of community forestry. Further research will help to develop appropriate tools and indicators to assess impact. At the local level, research could help to identify explicit needs of both the social enterprises and communities.
References


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