Figure 1. Problem Tree on the CBFed in the AFoCO Region

The viability of CBFE can be efficiently strengthened when the relevant stakeholders, including local communities, governments, and the private sector, are effectively engaged and mobilized. Under such circumstances, CBFE can create a win-win situation while increasing the socio-economic development of local communities, ensuring the return of profit for the private sector, and promoting the sustainable forest management that governments seek. To achieve the goal of CBFED for AFoCO Member Countries, the following interventions are recommended to minimize existing gaps and make CBFE progress efficiently and sustainably:

1. Activate dialogues or discussions among relevant stakeholders to enhance CBFE knowledge, opportunities, and potential and find proper solutions for its growth and progress.
2. Develop innovative public-private partnerships or buyer-supplier cooperation to create a long-term-win-win business environment.
3. Enhance cooperation and coordination between the government and other relevant institutions/organizations to make CBFE procedures smooth and easy to undertake.
4. Strengthen the business skills of the local community via capacity-building programs with the support of governments and other relevant organizations.
5. Ensure good governance, sound transparency, and equitable benefit sharing in the internal CF body to strengthen management regimes in the long run.

**BACKGROUND**

Historically, state or government forest institutions have managed most forests under centralized management systems. Consequently, the use and production of forest resources was subject to governments’ stringent policies and top-down decision-making. Since the late 1970s, however, the participation of local communities in forest management has been emphasized in the South or Southeast Asian Countries to decentralize forest management. As a result, decentralized forest management regimes that utilize various forms of community forestry, social forestry, participatory forest management, village forestry, and joint forest management have emerged after political, legal, and institutional reforms in most countries.

**COMMUNITY-BASED FOREST ENTERPRISES**

Community-based Forest Enterprise (CBFE), also known as Community Forest Enterprise (CFE), refers to community-led forest product commercialization, nature-based tourism, or carbon-trade, where individuals, communities, and/or cooperatives extract, process, add value, and market forest resources. In order to activate CBFEs sustainably, community-based forest management is adopted as a win-win approach for enhancing forest conservation while improving the livelihoods of local people. Particularly, the following key components should be incorporated into management regimes for further progress of CBFE:

- Enabling a legislative framework
- Clear and secure tenure and management rights
- Effective governance and strong community commitment
- Practical technology and access to financial sources
- Knowledge of market information and access to market channels
- The capacity of communities and engagement of relevant stakeholders through the accommodation of their interests
- Sufficient availability of forest resources, e.g., raw materials

**Key Messages**

1. CBFE increases local communities’ economic potential, improves social welfare, and contributes to rural development.
2. Legal provisions to ensure secure forest tenure, as well as simple and clear procedures, are fundamental for the proper implementation of CBFE.
3. Cooperation and coordination among governments, local communities, and other stakeholders can fill existing gaps in communities’ business operation needs.
TABLE 1. CBFED Stages of 11 AfCo Member Countries

<table>
<thead>
<tr>
<th>Countries</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lao PDR</td>
<td>2, 7, 8</td>
</tr>
<tr>
<td>Vietnam</td>
<td>1, 2, 6</td>
</tr>
<tr>
<td>Cambodia</td>
<td>1, 2, 4, 5, 6</td>
</tr>
<tr>
<td>Indonesia</td>
<td>1, 2, 4, 5, 6</td>
</tr>
<tr>
<td>Philippines</td>
<td>7, 8</td>
</tr>
<tr>
<td>Mongolia</td>
<td>9, 10</td>
</tr>
<tr>
<td>Thailand</td>
<td>11</td>
</tr>
<tr>
<td>India</td>
<td>12</td>
</tr>
<tr>
<td>China</td>
<td>13</td>
</tr>
<tr>
<td>Malaysia</td>
<td>14</td>
</tr>
<tr>
<td>Thailand</td>
<td>15</td>
</tr>
<tr>
<td>Vietnam</td>
<td>16</td>
</tr>
</tbody>
</table>

In the transition from subsistence to CBEF operation (e.g., mostly raw materials)

Lao PDR10-11 and Myanmar12-16

Advanced concept of CF but still in subsistence stage requiring a supportive regulatory framework for CBEF

Thailand11

Subsistence stage requiring a supportive regulatory framework for CBEF

Kazakhstan, Mongolia, and Timor-Leste

STATUS OF CBFE IN AFOCO MEMBER COUNTRIES

The CBFE stages of member countries are diverse, ranging from the subsistence to operational stage (Table 1). The main criteria to categorize the "CBFE operational stage" is whether the country endorses legal and regulatory frameworks for CBFE at the national level. Of the eleven countries, Bhutan, Cambodia, Indonesia, Philippines, and Vietnam are currently focalizing CBFE development utilizing various forest resources from raw materials to fine products, including ecosystem services.

POLICY HIGHLIGHTS ON CBFE IN AFOCO REGION

Member countries identified significant obstacles hindering CBFE from reaching a mature stage through discussion during the five-day training course. Based on baseline information from country reports and feedback from the participants, problems with CBFE implementation in the AFOCO region were identified. The core problem at the regional level is "Low impetus in the progress and development of qualified CBFEs," under which three challenges were highlighted as major causes to address (Figure 1).

1. Funding sources are still limited and insecure.

One of the common issues hindering CBFE in most member countries is limited funding sources. This is due to unsustainable financial support from project-based CBFE interventions. Additionally, an enabling legislative framework without an incentive mechanism will not attract investment and engagement from the private sector. This might also be due to their low trust in tenure security and unclear commercial use rights on forest products.

The issue could be addressed through supportive and facilitative legal provisions. This would eventually ensure secure forest tenure, clear and simple procedures in the taxation system, and the successful harvesting, processing, marketing, and transportation of forest products. Likewise, governments' legal instruments and related policies should include incentives to attract the interests and investments of the private sector in CBFE. Thus, a viable business environment could be developed where the outputs generated can be shared with private organizations, while the needs of local communities' businesses can be fulfilled.

2. Products from CBEF have low competition in the market.

Another challenge for CBFE is the limited skill, technical know-how, and capacity of the local communities to manufacture qualified products. As a result, the semi-processed raw materials are sold with low competitiveness in the market. Therefore, vocational training on appropriate technology and business skills should be strategically organized for local communities with the support and collaboration of governments, the private sector, and other relevant organizations. Moreover, limited access to market information makes them heavily reliant on the middlemen who can monopolize the network. In this context, the establishment of a community-based information system would be one of the solutions to minimize this gap, wherein the collective information enables communities to achieve greater direct market access. It is critical to embed much more research on value change and market analysis so that communities can share the value-added on-site information.

3. Communities' weak participation should be enhanced.

Communities' interest and commitment is the primary factor for the sustainable development of CBFE. Their active participation can be encouraged through the expansion of capacity-building activities conducted to provide local communities with fundamental knowledge and skills for forest management and business development. Local people and the capacity of forestry staff should be promoted to make them active and supportive facilitators in implementing CBFE.

4. Illegal logging practices are still appealing income generating sources for communities.

Illegal logging and trade of flora and fauna are the primary causes of deforestation in most developing countries. Local people often involved in that activity due to limited livelihood options and illegal markets, particularly across national borders. In this regard, law enforcement and anti-corruption measures are compulsory for taking action against illegal logging and other causes of deforestation in effective and efficient ways. Local people's awareness and participation in CBFE is another solution to reduce deforestation and increase conservation with their engagement and commitment to forest management.