

**INSTITUTIONAL REVIEW OF COMMUNITY BASED ORGANIZATIONS IN  
PARTICIPATORY FOREST MANAGEMENT**

**REPORT FOR FARM AFRICA/ SOS SAHEL AND GTZ**

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## Acronyms

BoARD	Bureau of Agriculture and Rural Development – regional level. Cooperative Commission and Promotion Offices fall under BoARD.
CBO	Community Based Organization
CDF	Community Development Fund
CPR	Common poor resources
CPR	Common Property Regime
ETB	Ethiopian Birr
FBAA/C/C	Forest Block Allocation Agreement/ Contract
FMA	Forest Management Agreement
FPA	Forest Protected Area
FUG	Forest User Group
GTZ	German Technical Cooperation – Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH
IFMP	Integrated Forest Management Project – of GTZ
JFM	Joint Forest Management
JICA	Japanese International Cooperation Agency
MoJ	Ministry of Justice
MTR	Mid-Term Review
NR	Government Natural Resources – collective term used to refer to BoARD in Oromia Region in SNNPR.
NTFP	Non-timber Forest Product
ORLNRAA	Oromia Rural Land and Natural Resource Administration Authority
PFM	Participatory Forest Management
PFMP	Participatory Forest Management Programme - of Farm Africa and SoS Sahel
RALE	Representative, accountable and legal entity
SNNPR	Southern Nations, Nationalities and People's Region
TCA	Tree cover assessment
TESFA	Tourism in Ethiopia for Sustainable Future Alternatives
WoARD	Woreda Department of Agriculture and Rural Development
<i>Kebele</i>	Sub-district (Amharic)
<i>Woreda</i>	District (Amharic)
<i>Wajib/s</i>	Forest Dweller's Association/s (Oromifaa)

## EXECUTIVE SUMMARY

- |  | Section |
|--|---------|
| 1  | 1.1     |
| <p>Farm Africa and, SoS Sahel have been supporting CBOs in participatory forest management (PFM) in Ethiopia since 2002, and GTZ since 2000. In partnership Farm Africa and SoS Sahel have developed the Participatory Forest Management Programme (PFMP), and the Participatory Forest Management Programme Unit (PFMU) is situated in Farm Africa offices. PFMP sites are Chilimo and Borena forests in Oromia Region and Bonga Forest in SNNPR<sup>1</sup>. The Integrated Forest Management Programme (IFMP) of GTZ is implemented in Adaba-Dodola, Oromia Region. PFMP and IFMP have established PFM in Ethiopia. Both are due to end in late 2006.</p>   |         |
| 2  | 1.3     |
| <p>Key issues which have arisen in the course of supporting CBOs in PFM implementation, and which have led to this review include:</p> <ul style="list-style-type: none"><li>a) Uncertainty over the legality of channelling grants for community level projects or credit schemes through FUGs/ <i>wajibs</i> (groups of forest dwellers/ users).</li><li>b) Concerns that cooperative legislation and practice, which have been adapted through byelaws are not sufficiently institutionalised.</li><li>c) Cooperatives are the only possible form of organization and registration for CBOs, which intend to generate income. CBOs, registered as associations, are not allowed to generate income.</li><li>d) There is also a preference amongst forest dwellers/ users for more cooperatives with fewer members, rather than fewer cooperatives with a larger number of members</li><li>e) A need to review the fit between CBO legislation and practice, forest policy and the needs of CBOs to ensure effective and sustainable PFM, and if necessary identify changes needed in CBO legislation and practice to ensure a better fit.</li></ul> |         |

### Programmatic Conclusions and Recommendations

- |  |       |
|--|-------|
| 3  | 2.7.1 |
| <p>The status of FUGs/ <i>wajibs</i> needs to be strengthened, to ensure they are formally recognised as legal entities in their own right. One of the reasons pushing FUGs/ <i>wajibs</i> to become cooperatives is a perception by them that cooperatives are officially more recognised and have status, which strengthens their legitimacy in forest protection. There is widespread concern that FUGs/ <i>wajibs</i> cannot defend themselves in court against illegal users of the forest and a fear of insecurity: that management rights can be taken away just as they are granted: registration as a cooperative provide legal status for court cases and strengthens tenure<sup>2</sup>. Meantime care needs to be taken that cooperatives are not promoted as the solution to the question of what form of CBO organization for PFM.</p> |       |
|  | 2.7.2 |
| <p>There needs to be an institutional separation of forest protection roles and responsibilities and forest product marketing/business development roles and responsibilities. When these are combined in one CBO (a cooperative):</p> <ul style="list-style-type: none"><li>• There is a tendency for the business aspects of the CBO, especially when it wants to provide different services (savings and credit/ loans and fertiliser), to take over in terms of management time.</li><li>• The complexity of management is increased when forest protection roles and responsibilities and forest product marketing/business development are combined because the number of management tasks required of the CBO is greater</li></ul>  |       |

<sup>1</sup> The Nou Forest in Tanzania is also a PRMP site.

<sup>2</sup> FBAA/Cdo provide secure tenure under conditions (to ensure sustainable forest management), but it will take time for forest dwellers/ users to feel secure.

- Over-stretched administration and management capacity (all the CBOs are newly established and embryonic in terms of skills) means there is a real risk of weaknesses in financial management, which undermine trust between members and weaken CBO cohesion. Moreover for *wajibs* and small FUGs it is not cost and time effective (given their limited natural resource base) for them to operate like fully-fledged cooperatives.
- Failure of the forest product marketing/business development aspect of the CBO will inevitably undermine forest protection.

There are bound to be some failures in CBOs with business development objectives – this is in the nature of the small enterprise development. Therefore it would be prudent to separate out forest protection roles and responsibilities and forest product marketing/business development roles and responsibilities. Not making an institutional separation will place the credibility of the still developing PFM at risk in Ethiopia.

- 5 FUGs/ *wajibs* must be able to legally receive grants (e.g. for forest development, path maintenance, spring development) and legally be able to generate income,. All FUGs/ *wajibs* want to be able to generate some income for local development needs, and therefore some overlap between protection and income-generating interests is inevitable. 2.7.3

Legal recognition would meet these needs. But it is important to distinguish between the small income generating interests of FUGs/ *wajibs* and the larger forest product marketing/business development objectives of cooperatives, and to maintain an institutional separation between forest protection and forest product trade/ business development. Therefore it is suggested that the objectives of FUGs/ *wajibs* be limited to forest protection and development: that they be allowed to sell forest products but not to engage in business development as FUGs/ *wajibs*.

- 6 Therefore it is recommended that PFMP adopts a programmatic approach in which: 2.7.4
1. Forest protection is the sole responsibility of FUGs/ *wajibs*. In Chilimo, where some FUGS are also cooperatives, this may not be possible.
  2. Forest product marketing/business development cooperatives are established as institutions existing independently of FUGs/ *wajibs* (but with overlapping membership).

That PFMP and IFMP work towards:

3. Securing changes in legislation that allow associations to earn at least some income that will enable them to receive grants and generate income to delivering their primary objectives.

And/ Or

4. FBAA/Care legally recognized as allowing FUGs/ *wajibs* to receive grants for forest protection, development and utilisation and are allowed to market forest products.

Plus in the short term

5. Support FUGs/ *wajibs*, which wish to form forest cooperatives, to register as individual cooperatives (for legal status)

- 7 There is an urgent need for forest cooperatives to be recognised as a type of cooperative, and for directives to be developed at regional level. Given the lack of legal recognition for FUG/s *wajibs*, it is likely that many will seek transform into cooperatives. In which case forest protection responsibilities and the forest product marketing/business development interests of forest cooperatives need to be clearly set out, avoiding any potential conflict of interests. Therefore it is recommended that directives are developed by PFMP and IFMP with government partners, and piloted. Once piloted these can be submitted to NR and BoCP for discussion and institutionalisation. 2.7.5  
2.7.6

- 8 It cannot be assumed that government technical departments have the capacity to provide on-going technical, especially institutional development support, to CBOs in PFM. Also experience from other countries points to the added value for CBOs of dedicated institutional development support for CBO in NRM (or common property management). It is recommended that a dedicated programme or unit be established for strengthening CBOs in common property management – situated inside NR or outside but working closely with government department. 2.7.7
- 9 Policy engagement by PFMP and IFMP should be undertaken with partner CBOs. Without this, engagement by FA/ SoS Sahel and GTZ in policy advocacy and lobbying will be on behalf of communities, and an opportunity to include the PFM voice of communities at the interface of government will have been missed. The FUGs/ *wajibs* and cooperatives have already developed agency<sup>3</sup> at the local level, and a platform is needed for them to be able to shape policy and practice – as the key practitioners. It is recommended that PFMP and IFMP adopt and develop a demand-driven approach to the policy and legislation changes required to support CBOs in PFM. Bearing in mind that a) federal policy and legislation is needed to promote PFM throughout Ethiopia, and that b) there is a need for a longer term programme of support to CBOs in PFM (and other common property management), structures and mechanisms of engagement needed in a demand-driven approach. 2.7.8  
2.7.9
- 10 For sustainable forest management the benefits must be proportionate to the costs of protection by forest dwellers/ users. It is recommended that an economic analysis of the costs and benefits of protection to communities and CBOs be commissioned. Costs should include opportunity costs and taxation, and benefits should include the value of forest products for household consumption and hidden benefits for cooperatives, such as audit services from the cooperative promotion office. 2.7.1  
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2.7.1  
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### **Wider Conclusions: Whither Cooperatives?**

- 11 A review of the experience of CBOs in NRM (common property management) in southern Africa demonstrates that CBOs do not need to be established as cooperatives. There are other forms of registration – e.g. as trusts and conservancies in Botswana and Namibia respectively. But no matter what form CBOs take, experience shows that whenever a community owned business is involved, almost certainly there is a need for training/ mentoring support in financial administration and management; governance and negotiating skills. Therefore in looking at how the institutional development needs of CBOs in PFM can be met, whatever form a business-oriented CBO takes careful long-term targeted support is required. 3.4
- 12 Strictly speaking for forest protection cooperative forms of organization should not be required. Cooperative or other forms of organization for community-owned business should only enter the scene with the development of business. Therefore there is a strong argument for PFM programmes to focus on institutionalising and scaling up PFM, and to leave the forest product marketing/business development side to organizations more experienced in community business development. 3.5

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<sup>3</sup> Agency is an actor's ability to make purposeful choice. The capacity to act as an agent implies the actor is able to envisage and choose options.

## 1 INTRODUCTION

### 1.1 Background: PFMP and IFMP

1.1.1 Farm Africa and, SoS Sahel have been supporting CBOs in participatory forest management (PFM) in Ethiopia since 2002, and GTZ since 2000. In partnership Farm Africa and SoS Sahel have developed the Participatory Forest Management Programme (PFMP), and the Participatory Forest Management Programme Unit (PFMU) is situated in Farm Africa offices. PFMP sites are Chilimo and Borena forests in Oromia Region and Bonga Forest in SNNPR<sup>4</sup>. The Integrated Forest Management Programme (IFMP) of GTZ is implemented in Adaba-Dodola, Oromia Region. These, and JICA, are the major organizations providing technical and funding support to PFM in Ethiopia. PFMP and IFMP have established PFM in Ethiopia. Both are due to end in 2006.

1.1.2 Forests are owned by the state, and the rationale behind the PFMP and the IFMP is that involving forest dwellers/ users<sup>5</sup> in forest management will improve the efficiency and effectiveness of forest utilization and conservation<sup>6</sup>. Similarly the design of the IFMP is directed at creating a sense of ownership and responsibility, which will secure conservation of the forest<sup>7</sup>. Both programmes are also seeking to strengthen existing sustainable forest-based livelihood strategies, and develop new alternative livelihood strategies.

1.1.3 Activities of the PFMP and the IFMP can be grouped in terms of:

- a) Developing and establishing systems of PFM – essentially supporting CBOs of forest dwellers/ users secure management arrangements and access agreements.
- b) Capacity building of CBOs for NRM – forest user groups (FUGs) in Bonga and Chilimo; *wajibs* (forest dwellers' associations) in Adaba-Dodola, and forest cooperatives in Adaba-Dodola, Bonga, Borena and Chilimo.
- c) Creating income opportunities from natural resource management (NRM) and diversified livelihoods, including tree planting and harvesting in all forests, sustainable harvesting of non-timber forest products (NTFPs), e.g. spices in Bonga, and community-based eco-tourism in Adaba-Dodola.
- d) Catalysing the adoption of PFM within forest policy and practice by working in close collaboration with government staff (in particular zone and woreda natural resource and woreda cooperative promotion offices) to promote technical skills and develop institutional commitment to PFM.

1.1.4 Both programmes have supported the establishment of community-based organizations (CBOs). These are new CBOs of forest dwellers/ users, which have a role in the development of forest management and utilization plans. In a legally binding agreement each PFM CBO has exclusive user rights in a defined forest area. Details on the different types of CBOs and their mandates can be found in Section 3.

1.1.5 CBOs in PFMP and IFMP range in membership from a maximum of 30 member homesteads<sup>8</sup> in the *wajibs* of Adaba-Dodola to 144 members in Agama forest cooperative in Bonga (where

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<sup>4</sup> The Nou Forest in Tanzania is also a PRMP site.

<sup>5</sup> The term 'forest dwellers' refers to people living in the forest, and the term 'users' refers to people living in the immediate vicinity who depend on the forest as part of their livelihood strategies..

<sup>6</sup> The purpose of PFMP is to deliver improved "efficiency and effectiveness of forest utilization and conservation through participatory forest management at Borena, Bonga and Chilimo forests in Ethiopia and Nou in Tanzania".

<sup>7</sup> The purpose of IFMP is "Local residents secure conservation of forest in Adaba-Dodola and other selected areas in Oromia in partnership with concerned bodies".

<sup>8</sup> Homestead is a unit formed and permanently inhabited by a married couple or a single adult spouse, widow(er) or divorce(e) together with own children or first degree relatives. If two or more married couples live together, the number of homestead corresponds to their number. ORLNAAA, June 2004:2. Thus the term 'homestead'

polygamy is widely practiced and where both husbands and wives count as members<sup>9</sup>). Annex 2 provides a list of CBOs by PFM site.

## 1.2 Forest Policy in Oromia Region and SNNPR

1.2.1 In 2003 the Oromia Council passed the Forest Proclamation of Oromia Region, Proclamation No. 72/ 2003, which recognises “community forest”, alongside state forest and private forest, as a type of forest resource ownership.

“Community forest means the state forest that the user rights and management responsibility is transferred to organized local community or the forest developed by organized community on communal land”.

Oromia Regional State, 2003: article 2.6.

1.2.2 The “organized community” has the right to use forest products in a sustainable manner. It is also required to protect the forest from human encroachment; to take responsibility for controlling illegal forest resource use and to ensure forest growth is higher than forest product utilization<sup>10</sup>. “Organized communities” therefore have tenure, which is widely believed to be the most important factor affecting the sustainability of use. According to SASUSG<sup>11</sup> sustainable use is more likely when:

- Rights of access are clearly defined and accepted;
- The ability to enforce those rights exists;
- The unit of management and accountability is small and functionally efficient.

1.2.3 In SNNPR there are few PFM programmes (only the Bonga component of PFMP). Although forest policy<sup>12</sup> does not address the issue of community managed forests, in practice NR is “favourably composed to initiate PFM”<sup>13</sup>.

1.2.4 Therefore forest policy in Oromia Region explicitly supports PFM and forest policy in SNNPR does not present a barrier. What is currently presenting PFM in both regions with somewhat more of a challenge is working within existing CBO policy. Only two forms of CBO registration are possible – as an association or as a cooperative. As an association a CBO is not allowed to generate income, and therefore there is pressure for FUGs/ *wajibs* to become cooperatives or to create separate cooperatives (for the sale of forest products). The following section discusses the challenges faced by the PFMP and the IFMP in supporting CBOs in PFM, which form the focus of this review.

## 1.3 Challenges of Establishing/ Supporting CBOs in PFM

1.3.1 Since the start of PFM in Ethiopia government agencies, GTZ, Farm Africa/ SoS Sahel have helped establish and support CBOs in PFM on the following premises:

- a) Organized and recognized community groups/ organizations are essential as structures and mechanisms for participation in forest management and controlled utilization.
- b) The organization types – FUGs/ *wajibs* and cooperatives - fulfil the minimum requirements of officially recognised organizations (e.g. constitutions and letters of agreement with the appropriate government agencies in PFM).

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closely corresponds to the census definition of household – a group which shares from the same fire/ cooking pot.

<sup>9</sup> WGCF, May 2005: 9.

<sup>10</sup> Oromia Regional State, 2003: article 6.2.

<sup>11</sup> SASUSG 1996:13.

<sup>12</sup> SNNPR, 2004.

<sup>13</sup> WGCF, May 2005a: 11.

1.3.2 Key issues which have arisen in the course of supporting CBOs in PFM implementation, and which have led to this review include:

- a) Uncertainty over the legality of channelling grants for community level projects or credit schemes through FUGs/*wajibs*: that funds for community development can only legally be channelled through woredas, kebeles or cooperatives.
- b) Concerns that cooperative legislation and practice, which have been adapted through byelaws are not sufficiently institutionalised. Amendments have been made to standard byelaws used for service cooperatives to accommodate the protection/ conservation objectives of forest cooperatives. Although these are accepted at the local level of the woreda and zone, where government staff (NR and cooperative promotion) have been closely involved in the implementation of PFM, there is some concern that without specific policy or directives to support forest protection/ conservation cooperatives, that official recognition is weak. All CBOs, which are currently FUGs/*wajibs* are registered or are in the process of establishing/ registering as cooperatives.
- c) Cooperatives are the only possible form of organization and registration for CBOs, which intend to generate income. CBOs, registered as associations, are not allowed to generate income.
- d) A perception that share capital paid by members on joining a cooperative can be beyond what the poor can afford. Uncertainty on the part of forest dwellers/ users, PFMP and IFMP staff, and woreda cooperative staff about whether the share capital requirement can include labour or contributions in kind. The legal rights and duties of a member of a cooperative society include “he is able to pay the share capital and registration fee required by the society”<sup>14</sup>.
- e) There is also a preference amongst forest dwellers/ users for more cooperatives with fewer members, rather than fewer cooperatives with a larger number of members. But cooperative promotion offices prefer that there should only be one cooperative per objective (e.g. service provision, savings and credit, forest protection) per kebele. Providing technical support to fewer cooperatives is also less labour intensive for woreda cooperative offices. At all PFM sites CBOs have either grouped together to form a cooperative, or are under pressure to do so.
- f) Cooperative management requires skills in leadership and cooperative decision-making, skills in addressing internal differences between members and skills in financial management, which have to be developed in most communities<sup>15</sup>. Cooperative promotion office members of staff focus on mobilising and organizing cooperatives, and on providing financial audit services. It is unclear whether woreda offices have the capacity (human resources and logistical) to provide on-going training/ mentoring support in organizational development and NRM.
- g) A need to review the fit between CBO legislation and practice, forest policy and the needs of CBOs to ensure effective and sustainable PFM, and if necessary identify changes needed in CBO legislation and practice to ensure a better fit.

## 1.4 Other Contextual Issues

1.4.1 Other issues arising from PFMP, IFMP and other experience, which have implications for the legal and institutional establishment of PFM CBOs, and for appropriate and adequate support from government, NGOs and donors include:

- a) The size of the task if PFM is to be rolled out to other forests, and the need to develop an approach, which can be readily implemented by woreda staff to a satisfactory standard - “right sizing”<sup>16</sup>: Government and forest dwellers/ users are interested in expanding PFM to other forest areas (to prevent further deforestation and to support livelihoods).

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<sup>14</sup> FDRE, 1998: article 13.2.

<sup>15</sup> WGCF, May 2005a: 21; Gronow, Jane, Peter Oates and Daniel Dana, December 2004.

<sup>16</sup> Luhe, Niko von der and Worknen Deneke, May 2003:14 and 16.

- b) The medium and long-term financial sustainability of wide-spread PFM is dependent on woreda budgets and/ or donor support. But there is very limited, or no, capital in woreda budgets to support CBO activities in PFM.<sup>17</sup> Plus PFM and Joint Forest Management have developed in Asia, in particular in Nepal and India, with the support of considerable donor funding. The shift to increasing budgetary support by donors in the past five to ten years means that the amount of funding which was available in Nepal and India, is not available for PFM in Ethiopia<sup>18</sup>
- c) Finite logistical capacity and technical staff in local government to provide adequate support to all CBOs in any one woreda (cooperatives in PFM and other activities). This especially could be the case when or if the number of cooperatives increases in the programme areas and/ or if PFM expands to other forest areas.<sup>19</sup>
- d) Whether PFM has resulted in increased food security and reduced vulnerability. Therefore whether the forests are still seen by dwellers/ users as a primary safety net, or whether this safety net/ subsistence role is seen as becoming less important as a result of other livelihood strategies.<sup>20</sup> But it is still early days in the development of alternative livelihood strategies, and therefore this is also has to be an early judgement call by forest dwellers/ users.
- e) A need for a more economic or business-minded approach to livelihoods: a higher priority needs to be given to economic viability and market realities in the PFMP<sup>21</sup>, and accompanying this a need to support empowerment of communities to understand the dynamics of rural livelihoods, e.g. building community capacity to negotiate<sup>22</sup>

It was in the light of these issues that Farm Africa/ SoS Sahel and GTZ commissioned this review.

## 1.5 Terms of Reference and Review Approach

1.5.1 The analytical tasks for the review as set out in the Terms of Reference (Annex 10) were to:

- a) Review PFMP and IFMP approaches to the establishment of community-based organizations for PFM, drawing out strengths and weaknesses.
- b) Review legislation and policies concerning the setting up of CBOs
- c) The analysis will include:
  - Analysing the advantages and disadvantages of cooperative organization and registration for effective PFM.
  - Analysing the advantages and disadvantages of forest user group and *wajib* organization for effective PFM
  - An assessment of the implications of the analysis for CBO institutional sustainability and effectiveness in PFM.
- d) Link the experience of PFMP and IFMP to wider development experience of working with CBOs, and to efforts to strengthen civil society's engagement with government.
- e) Provide recommendations for PFMP and IFMP on how to proceed with supporting CBOs

1.5.2 Two field visits were made to a) one PFMP site, Chilimo, and b) the IFMP site, Adaba-Dodola. A proforma was developed, which guided the information collected about each CBO (see Annex 4 for completed profiles) from CBO members, PFM staff and woreda government staff. A total of five CBOs were visited and four profiles completed. Information collected on each type of CBO, from interviews and documentation, has also been summarised and is presented in Section 2.

<sup>17</sup> Gronow, Jane, Peter Oates and Daniel Dana, December 2004: 28 and 29.

<sup>18</sup> Gronow, Jane, Peter Oates and Daniel Dana, 2004: 11 and 30.

<sup>19</sup> Gronow, Jane, Peter Oates and Daniel Dana, December 2004: 27.

<sup>20</sup> Gronow, Jane, Peter Oates and Daniel Dana, December 2004: 16.

<sup>21</sup> Gronow, Jane, Peter Oates and Daniel Dana, December 2004: 22

<sup>22</sup> Gronow, Jane, Peter Oates and Daniel Dana, December 2004: 25.

1.5.3 Preliminary findings were discussed at each site with PFM and government staff, and where possible with CBO representatives. In the last few days a stakeholder workshop was held in Addis Ababa to present the overall findings to Farm Africa/ SoS Sahel and GTZ programme staff, regional, zone and woreda government representatives and other NGO representatives for discussion.

1.5.4 Meetings were held with Oromia Bureau of Cooperative Promotion and various NGOs (see Annex 9) which work regularly with CBOs, and which have experienced similar challenges. The interest shown in the review at the very start, indeed even before it started, by other NGOs was a major encouragement and the review has attempted to widen the findings and analysis where appropriate. One of the recommendations is for a national level PFM Working Group (of CBO, NGO and government representatives) to be established to harmonise approaches and recommendations to government for changes in CBO legislation.

## 2 REVIEW OF APPROACHES TO CBO ESTABLISHMENT FOR PFM

Section 2 focuses on the policy environment for CBOs in PFM and on the institutional development approaches used in the PFM programmes. Conclusions are drawn from the programme findings and recommendations presented with respect to the short to medium term needs of CBOs in PFM (from now to five years hence). Recommendations for the longer term follow a discussion of CBO options, which draws on experience in other countries, in Section 3.

### 2.1 Government Policies

2.1.1 Oromia Region's support for PFM is enshrined in the Forest Proclamation of Oromia, Proclamation No. 72/2003. As noted in Section 1 policy does not address the issue of community managed forests, although in practice CBOs have been allowed to assume responsibility for managing and controlling utilization in Bonga.

2.1.2 Government's approach in Oromia Region and SNNPR to supporting CBOs in PFM is underpinned by a number of principles:

- a) That organized communities of forest dwellers/ users can protect the forest and maintain tree cover as effectively as the state – environmental stewardship<sup>23</sup>.
- b) That a) the number of forest dwellers who constitute a CBO and b) the extent of off-take by members do not exceed the carrying capacity of the CBO's forest area. Joint decisions (by NR and the CBO) about the geographical area of CBO membership and its assigned area of forest are based on accommodating the interests of existing forest dwellers/ users living in the forest or the immediate vicinity of a particular area of forest<sup>24</sup>.
- c) That the organized communities taking responsibility for PFM benefit from their efforts – through user rights, and the sale of timber and NTFPs.
- d) In the case of cooperative, the seven international guiding principles of cooperative societies (concerned with voluntary organization/ membership; democratic control by members; economic benefit through dividends; maintaining autonomy and independence; provision of training and education for cooperative development; cooperation between cooperatives, and working for the sustainable development of cooperatives' communities).

The first three have been fundamental to the agreements between FUGs/ *wajibs* and NR, and the principles in the fourth point are central to the cooperative proclamation<sup>25</sup>

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<sup>23</sup> This is also an assumption, but in each PFM site visited by the review government staff (NR and cooperatives), PFM staff and CBO members were confident that illegal off-take has reduced substantially as a result of community guarding, and each CBO is replanting forest.

<sup>24</sup> This meant that further away users were excluded, and it is highly likely that the poor are worse affected.

<sup>25</sup> FDRE, 1998: article 5.

2.1.3 FUGs/*wajibs* have agreements with NR through the DoARD in Oromia Region and the DoARD in SNNPR – collectively referred to as ‘NR’ in this review. But this does not entitle FUGs/*wajibs* to the same government services as cooperatives. The only three forms of registration available for CBOs are a) as an association; b) as a cooperative and c) as a micro-finance institution. Registering as a micro-finance institution would be inappropriate.

2.1.4 In the experience of the PFMP and the IFMP, the FUGs / *wajibs* which have all been established with support from Farm Africa/ SoS Sahel and GTZ, are seen by government as precursors to cooperatives. However it is also recognised that a number of FUGs/*wajibs* are unlikely, at least for some years to be able to generate significant levels of income from their forest area. This is particularly the case for FUGs/*wajibs* in natural forest, not plantation forest, and those with limited marketable products and/ or market opportunities.

2.1.5 Government policy towards CBOs is focused on supporting cooperatives<sup>26</sup>. Zone and woreda cooperative offices are tasked with a) promoting and supporting the establishment of cooperatives, b) providing advisory support and c) auditing annual accounts. The number of cooperatives (service, savings and credit, handicraft, sand excavation etc.) found in a woreda varies considerably. In Western Shewa zone it ranges between one and 37. Dendii woreda has the highest number, 37, and another three woredas have between 24 and 28<sup>27</sup>.

2.1.6 A precedent has been set with cooperative office support to service and saving and credit cooperatives, in that in a kebele only one cooperative of each type exists. For cooperative formation in PFM areas this has also been the preferred option of cooperative offices. Cooperatives in PFM areas are referred to as ‘forest cooperatives’ and as yet there are no policy directives for cooperative offices supporting forest cooperatives (unlike service and savings and credit cooperatives). Sections 2.4 and 3 set out the distinctive features of forest cooperatives and make a strong case for the development of policy directives.

## 2.2 PFMP: Chilimo

2.2.1 In Chilimo the cooperative zone and woreda members of staff interviewed were confident that they could support the mobilisation, formation and provide audit support to higher numbers of cooperatives, with two provisions. Firstly, that they had a full complement of staff and secondly that they had adequate transport – most offices are dependent on motorbikes. Dendii woreda with the highest number of cooperatives is categorised as an “A” woreda, and should have 19 members of staff, but at the time of the review it had only 11. A vacancy rate, such as this, of 42% is not atypical<sup>28</sup>. This capacity issue is part of the reason why only two PFM cooperatives in Dendii are registered and getting woreda level support. According to zone and woreda staff other FUGs will get support with registration/ establishment and services in stages – as cooperative office capacity allows.

2.2.2 Other factors which also contribute to the fact that only two cooperatives are registered and getting support in Chilimo (Chilimo and Galeesa) at the moment are a) a practical preference to work with fewer cooperatives with more members, and preferably only one PFM cooperative per kebele, and b) a desire to provide poorer FUGs with access to capital (which could be used to purchase for example fertiliser) and services (for example savings and credit facilities) of better-off FUGs. To achieve this in practice would require including poorer FUGs with little or no plantation and/ or with young natural forest in cooperatives with better-off FUGs.

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<sup>26</sup> And kebele administrations as the grassroots level of government

<sup>27</sup> See Annex 8.

<sup>28</sup> Source – Western Shewa Zone staff.

## **Restructuring of FUGs into Cooperatives in Chilimo**

In Chilimo a task force was established composed of two zone officials, four woreda officials and one Farm Africa staff member to look into the ‘restructuring’ of FUGs into fewer cooperatives. Before consultations where held with the FUGs the task force recommended that 10 FUGs be restructured into five cooperatives: if this had happened only one FUG would have remained on its own as a cooperative, the rest would have been grouped. But most FUGs wanted to be ‘promoted’ to the level of cooperative without including other FUGs. Notwithstanding the task force recommended proceeding with six cooperatives. Later it was accepted that Galeesa should remain in its own as a cooperative. Therefore according to the task force there will be a total of seven cooperatives, when there were originally 12 FUGs. At present there are two cooperatives - Chilimo and Galeesa – and 10 FUGs.

2.2.3 In addition two aspects of the Chilimo situation have complicated the issue for the PFMP team of restructuring FUGs into cooperatives:

- a) The quality of the natural capital (forest) available for economic use varies considerably between CBOs. Four CBOs have forest, which is of a high economic potential in the next few years; two have forest of a medium economic potential, and six have forests of low/ no economic potential. Those with forest of low/ no economic potential are effectively starting from a ‘zero base’ of very degraded forest, which will take up to 10 years or more to generate a reasonable income. See annexes 1, 2 and 6.
- b) The reluctance of CBOs to be grouped into cooperatives, and mixed views by CBO leaders about the value of forming a woreda level union (assuming each FUG becomes its own cooperative).

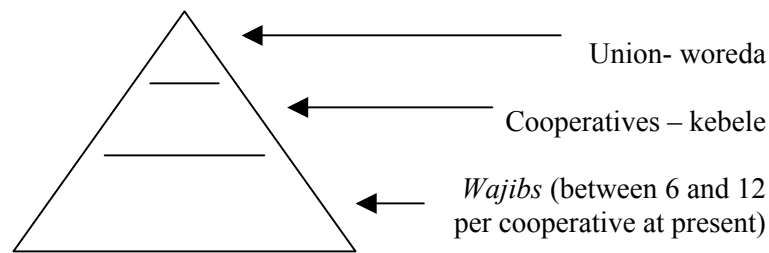
2.2.4 Forming a union of cooperatives (a secondary cooperative) could be a way whereby CBOs are allowed to retain their own organization and still provide potential for economies of scale, through access to primary cooperatives capital as capital and as collateral for loans. But union organization requires skills in cooperative management and organization, which are still being developed, and a high level of trust from primary cooperatives. These conditions are not present at the moment.

## **2.3 IFMP: Adaba-Dodola**

2.3.1 In Adaba-Dodola the cooperative zone and woreda members of staff interviewed were also confident that they could support higher numbers of cooperatives with services, and they also shared the same constraints of not having the full complement of staff (only ten out of seventeen posts are filled in Dodola) and inadequate transport.

2.3.2 But the model of cooperative formation in Adaba-Dodola has been quite different to that of Chilimo. Individual *wajibs* are not becoming individual cooperatives: primary cooperatives are being established for business (trading forest products) purposes, and the *wajibs* remain the key forest management unit focused on protection. In one kebele, Bura-Adele, there are two cooperatives: a precedent has been set whereby more than one cooperative with the same objective can exist in one kebele. Plans to develop a union at woreda level are under discussion, and at a more advanced stage than in Chilimo.

## ***Wajibs* and Cooperatives as Independent Institutions in Adaba-Dodola**



2.3.3 Overall there are considerable similarities between the institutional development approaches used in PFMP and IFMP. Strategies for institutionalising PFM in government are described in sections 2.4 and a comparative summary of institutional development approaches used each programme are presented in Section 2.4.

### **2.4 Strategies for Institutionalising PFM in Government**

2.4.1 PFMP and IFMP staff members have adopted a facilitation approach with respect to supporting local government technical staff members (NR and cooperatives). This is a day-to-day working relationship, which has involved the PFM programmes in (large key tasks only):

- a) Jointly promoting the value of PFM with NR members of staff to potential FUGs/ *wajibs*; this includes discussing with communities respective rights and responsibilities of the various stakeholders in PFM.
- b) Providing training in PFM to NR members of staff.
- c) Supporting NR staff and communities in participatory land use planning and the development of forest management plans.
- d) Funding mapping and supporting the assessment of productive capacity using satellite imagery and rapid forest assessment techniques.
- e) Providing transport for NR and cooperative members of staff, and in the event of a full day in the field, providing per diems. In the case of IFMP, budgetary support has also been provided to woreda cooperative offices.
- f) Regular meetings with NR and cooperative staff

2.4.2 The mid-term review of the PFMP raised concerns about the feasibility of government departments replicating the project approach – of institutionalising PFM at woreda and zone levels as it is implemented by PFMP. Essentially it found that the gap between PFMP resources and woreda resources was too simply too great<sup>29</sup>. In particular the mid-term review highlighted three issues:

- a) Woredas, which are considered relatively well developed, receive less funding than poorer woredas. Dendii is in this category, and one of the consequences of this status is that the woreda capital budget is limited in relation to its total population. Indeed there is no capital budget for NR, and NR members of staff therefore focus on regulatory tasks, including collecting fines for revenue. In woredas where there is little or no economic forestry, NR departments have even less or no capital.
- b) The “offset” principle means that when project resources (especially the two project vehicles) are transferred to the woreda at the close of the project, that the value of these will be deducted from the capital budget allocation.
- c) Community development funds (grants to FUGs and cooperatives) therefore are also not within the resource envelope of woredas capital budgets.

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<sup>29</sup> Gronow, Jane, Peter Oates and Daniel Dana, December 2004: 29.

- 2.4.3 A report for IFMP on the future of the *wajib* approach had broadly similar findings<sup>30</sup>:
- Financial capacity of the woredas was limited, and budgets are focused on expenditure in the priority sectors of agriculture, health and education. (In addition the above first and second points from the PFMP mid-term review are also applicable).
  - That the *wajib* approach had to be ‘simplified’ to a level manageable by the woredas for the institutionalisation of structures and approaches after the withdrawal of GTZ support at the end of 2006. Successful future implementation is also dependent on speeding up the *wajib* approach in forest areas, which not yet covered and are vulnerable to destruction. Full *wajib* coverage before the end of 2006 means the woredas will not have to incur the human and logistical resource costs of supporting *wajibs* get established.

In addition although IFMP has not provided grants to *wajibs* or cooperatives it has provided financial support to the DoARD. See Section 2.3.

2.4.4 Therefore a key challenge has been how replicable the PFM approach is as implemented by PFMP and IFMP, i.e. for government NR and cooperative departments to roll PFM out across more woredas<sup>31</sup>. However it would be prudent to assume that the resources for rolling out PFM fully and successfully are unlikely to be available from government budgets for the foreseeable future, for two reasons:

- Ethiopia is poor, and expenditure on forestry is not the priority that agriculture, health and education are.
- The absence of federal level policy and commitment to at least halting the loss of forest coverage. Federal level policy and commitment could make money available through decentralization for PFM.

2.4.5 Moreover it is partly because of the chronic lack of capital in local government and the scale of the needs of the poor that so much emphasis is placed on people’s participation in economic development, and on cooperatives as vehicles for economic growth – for example to provide input and marketing services.

## 2.5 Comparative Summary of Approaches and Implications for Scaling up of PFM

2.5.1 Table 2.5 below provides a comparative summary of the institutional development approaches used by both PFM programmes to support CBOs. The implications of the findings are presented for further discussion in Section 3.

**Table 2.5.1: Comparative Summary of Approaches and Implications for Scaling up of PFM**

	PFMP	IFMP
<b>2.5.1.1 General Comment on State of Forest</b>		
	<ul style="list-style-type: none"> <li>Mixed (broad leaf and <i>Juniperus procera</i>) forest. This is one of the few surviving examples of afro-montane forest. Historically Chilimo has been the most commercially exploited forest in the country, largely due to its proximity to Addis Ababa (less than 100 km).</li> </ul>	<ul style="list-style-type: none"> <li>Predominately <i>Juniperus procera</i> with <i>Podocarpus gracilior</i> and broadleaf forest found in Dodola. This is also one of the few surviving examples of afro-montane forest. Disturbed forest as a result of selected felling by sawmills (about 70 km from Sheshamane).</li> </ul>

<sup>30</sup> Luhe, Noko von der and Workneh Deneke, March 2003:11.

<sup>31</sup> An assumption seems to be being made by PFMP and government technical departments that because PFM should be implemented by government, that government will have enough capacity – because it has to, and if it does not then fewer but larger cooperatives are needed.

<b>2.5.1.2 How restricted membership of CBOs is calculated</b>	
<ul style="list-style-type: none"> <li>• PFMP works with forest users – few people are dwelling in the forest – most are living at the edge of the forest</li> <li>• Uses residency to calculate forest off-take (firewood, timber for house construction and for sale).</li> </ul>	<ul style="list-style-type: none"> <li>• IFMP works with forest dwellers.</li> <li>• Uses sustainable carrying capacity<sup>32</sup> of the forest to calculate hectares per homestead (household).</li> <li>• 12 hectares to a household.</li> </ul>
<b>2.5.1.3 Membership</b>	
<ul style="list-style-type: none"> <li>• Between 58 and 264 household members in a FUG/ cooperative. Membership restricted to forest users living next to the forest.</li> <li>• All households in FUG areas are members.</li> <li>• Most FUG area households are members of the two cooperatives already formed. Non-members include 32 elderly and disabled in Chilimo,( see Annex 4.1) and in Galeesa 30 newly married couples without land (see Annex 4.3).</li> <li>• Cooperative membership is slightly less than FUG membership. The same group – FUG and cooperative – has a protection role and a business development role</li> </ul>	<ul style="list-style-type: none"> <li>• Maximum of 30 households in <i>wajib</i> (12 ha/ household). Membership restricted to forest dwellers. Grazing sold to non- <i>wajib</i> members.</li> <li>• All forest dwellers in a <i>wajib</i> area are members of a <i>wajib</i> and therefore have access to forest products.</li> <li>• Cooperative membership is slightly less than FUG membership, and the roles of protection and business development are separated.</li> </ul>
<b>2.5.1.4 Gender equity in membership and leadership</b>	
<ul style="list-style-type: none"> <li>• Only one member of a household is a paid up member of the FUG or cooperative. A woman is only entitled to membership in her own right if she is a female head of household. Cooperative dividend therefore is made out to the paid up member – the head of household.</li> <li>• ID card for selling forest products is made out to husband and wife.</li> <li>• Very few women in FUG or cooperative leadership positions. There is no requirement that ensures women are included as leaders.</li> </ul>	<ul style="list-style-type: none"> <li>• Only one member of a household is a paid up member of the FUG or cooperative. A woman is only entitled to membership in her own right if she is a female head of household. Cooperative dividend therefore is made out to the paid up member – the head of household.</li> <li>• ID card for selling forest products is made out to husband and wife.</li> <li>• One of the five <i>wajib</i> committee members is required to be a woman. Same requirement is not made of cooperative, and all executive committee members are men.</li> </ul>
<b>2.5.1.5 Implications of livelihood strategies and membership issues</b>	
<p>a) People’s livelihoods are based on the forest in Ababa-Dodola: cattle and grazing in the forest are essential to the household economy, and cropping outside the forest on agricultural land is of secondary importance. The reverse is the case in Chilimo, where people are primarily concerned with cropping, and although cattle and grazing are important to the household economy, most people do not live in the forest.</p> <p>b) Membership has to be restricted to a sustainable rate of carrying capacity or to a sustainable rate of forest off-take. This requires an amendment in cooperative policy for PFM (and NRM).</p> <p>c) Within the household, for gender equity women must be entitled to membership in their own right. To not allow women to be cooperative members in addition to their husbands is counter to one of the international guiding principle of cooperative societies - that membership should be voluntary.</p> <p>d) FUGs/ <i>wajibs</i> are more inclusive of forest dwellers/ users on which protection and regeneration of the forest depend, than cooperatives. FUGs/ <i>wajibs</i> have been formed by forest dwellers/ users in order a) to protect the forest and b) to ensure members benefit from the cost to them of protection (through user rights, and in <i>wajibs</i> also through the sale of dead wood for firewood, grazing and community-based eco-tourism).</p>	

<sup>32</sup> Carrying capacity may be re-assessed every ten years at the request of a *wajib*.

2.5.1.6 Outline of the process of cooperative formation		
	<ul style="list-style-type: none"> <li>FUGs were formed initially. Several years later the idea of forming cooperatives was raised. Although there was resistance to this, most FUGs are now convinced of the value of forming cooperatives.</li> </ul>	<ul style="list-style-type: none"> <li><i>Wajibs</i> were formed initially. Several years later the idea of forming separate cooperatives, and a union, was raised. Although there was resistance to this, the <i>wajibs</i> themselves are now convinced of the value of forming cooperatives.</li> </ul>
	<ul style="list-style-type: none"> <li>Two FUGs have become primary cooperatives. Some, but very few, FUG households did not join the cooperative. FUG responsibilities for protection, as set out in the FBAA/C have been transferred to the cooperative.</li> <li>In practice the cooperative has both a protection/ conservation role and a forest product marketing/business development role.</li> </ul>	<ul style="list-style-type: none"> <li><i>Wajibs</i> exist independently of cooperatives. Six primary cooperatives have been/ will be established as umbrella organizations by <i>wajibs</i>. <i>Wajib</i> members are individual members of cooperatives. With the exception of Bura-Adele Kebele where there are two cooperatives, the other kebeles will have one cooperative each.</li> <li>The distinction between a <i>wajib</i> and a cooperative is clearer – each form of organization has its own primary objective. Protection of the subsistence base in the case of <i>wajibs</i>, and business development in the case of cooperatives.</li> </ul>
	<ul style="list-style-type: none"> <li>One of the reasons pushing FUGs/ <i>wajibs</i> to become cooperatives is a perception that cooperatives are officially more recognised and have status, which strengthens their legitimacy in forest management. There is fear of insecurity: that management rights can be taken away just as they are granted. Individual FUGs/ <i>wajibs</i> would prefer to form individual cooperatives: registration as a cooperative is seen to strengthen 'ownership' of the forest block by providing more formal recognition.</li> <li>In addition FUGs/ <i>wajibs</i> also want to be able to generate some income (for small development projects, e.g. spring development and for investing in protection and regeneration). In accordance with the international guiding principles of cooperative societies each FUG is entitled to establish its own cooperative. In practice, however this is discouraged for two reasons, a) in any one kebele there should only be one cooperative with the same objectives, and b) because of the limited resources of woreda cooperative promotion offices to support all cooperatives.</li> </ul>	
	<ul style="list-style-type: none"> <li>A woreda task force wants to restructure the remaining 10 FUGs into five cooperatives. This could lead to larger forestry management units –although not necessarily limited to one forest cooperative per kebele – and therefore a loss of autonomy in management for individual FUGs in their forest blocks. See Recommendations in Section 2.7.</li> </ul>	<ul style="list-style-type: none"> <li><i>Wajibs</i> are not being asked to restructure: they will remain autonomous forest management actors.</li> <li>One kebele has two forest cooperatives.</li> </ul>
	<ul style="list-style-type: none"> <li>Cooperatives (and FUGs) are seeking to establish a woreda level union.</li> </ul>	<ul style="list-style-type: none"> <li>Cooperatives (and <i>wajibs</i>) are seeking to establish a woreda level union.</li> </ul>
	<ul style="list-style-type: none"> <li>The idea of forming a union has been raised by some FUGs/ cooperatives.</li> </ul>	<ul style="list-style-type: none"> <li>The idea of forming a union of primary cooperatives is under discussion.</li> <li>Two tourism service providers' cooperatives are in the process of establishment. Providers (guides, horse providers and hut keepers) have been informed that they cannot be members of two cooperatives belonging to the same union (forest cooperative and service providers' cooperative).</li> </ul>

**2.5.1.7 Implications of CBO organization and structure**

- a) There is a risk that restructuring FUGs (in Chilimo) into cooperatives could lead to larger forestry management units, unless there is a clear distinction between the role of the FUG and the role of the cooperative. At the moment in each cooperative there is a forest protection committee, but if several FUGs are restructured into one cooperative there could be a loss of individual FUG autonomy. This could be addressed by ensuring each FUG has its own cooperative committee (on the basis of its FBAA/C), and would therefore have autonomous responsibility for the management of its forest block.
  - b) The difference in livelihoods could also have implications for how people view the benefits of protection, and how CBOs are organized. In Adaba Dodola people (forest dwellers) were very clear about distinguishing between the protection interests of the *wajibs* and the forest product marketing/business development interests of the cooperatives. In Chilimo people (who mostly do not live in the forest) seemed to view protection primarily from a forest product marketing/business development perspective.
  - c) Three issues highlight the critical role of small FUGs/ *wajibs* in PFM – in managing the natural resource base, in empowerment and in addressing potential tensions between protection and business development interests.
    - i. International experience of PFM has shown that smaller community groups, which strongly identify with their landscape, are more effective managers of their natural resource based than larger groups for whom the landscape is more remote and not a day-to-day concern. Until PFM, in the PFMP and IFMP sites, forest protection was the responsibility of kebele, woreda and regional forest protection committees. But the kebele forest protection committee model failed – as evidenced in forest loss. With 1,000 member households in a kebele, kebele forest protection committees could not facilitate the consensus necessary for effective protection and regeneration of the forest. These committees were instruments of control, while forest dwellers/users did not have recognized user rights to the forest. Therefore the smaller FUG/ *wajib* is a better size of management unit for natural resource management.
    - ii. Through the FUGs and *wajibs* ordinary people have become involved in the daily management of natural resources, and through this responsibility has come confidence and skills in engaging with local government and other key institutions, and in addressing local development needs.
    - iii. When a smaller organization (like a FUG) is subsumed under a larger organization, and particularly one with a stronger recognised public status (like a cooperative), there is also a risk that the objectives of the smaller organization are also subsumed under those of the larger organization<sup>33</sup>. Gains made in empowerment could be lost through restructuring/ grouping FUGs into cooperatives.
  - d) Therefore small FUGs/ *wajibs* need stronger official recognition in their own right in PFM (and more widely in NRM) policy at regional and national levels.
  - e) For FUGs/ *wajibs* that want to earn some income there are three alternatives:
    - i. They are allowed to register as individual cooperatives, and adequate institutional development training/mentoring support is provided (by woreda cooperative offices and other organizations).
    - ii. Legislation is changed to enable associations to earn at least some income that will enable them to invest in delivering their core objectives. This will also require adequate institutional development training/mentoring support.
    - iii. The FBAA/C is legally recognized as allowing FUGs/ *wajibs* to receive grants for forest protection, development and utilisation and is allowed to market forest products.
- See Recommendations in Section 2.7.

**2.5.1.8 Sources of cooperative organizational development support (outside PFM teams)**

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Woreda cooperative office mobilises and organizes cooperative formation and provides audit services (at the zone).</li> </ul> | <ul style="list-style-type: none"> <li>• Woreda cooperative office mobilises and organizes cooperative formation and provides audit services (at the zone).</li> </ul> |
|--|--|

**2.5.1.9 DoARD support from the PFMP and IFMP programmes**

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• None</li> </ul> | <ul style="list-style-type: none"> <li>• 2005, 70% of DoARD budget from IFMP.</li> <li>• 2006, 40% of DoARD budget from IFMP.</li> <li>• 2007, none</li> </ul> |
|--|--|

<sup>33</sup> Some concern has been raised in Chilimo that there could be a conflict of interests between the roles of protection and business development in cooperatives (See Annex 4.1: 6.4.2). In practice this is unlikely to happen because of the requirements of the FBAA/C: it is a theoretical risk, rather than a real risk.

<b>2.5.1.10 Implications of institutional development needs and available support</b>	
<p>a) Follow-up training/ mentoring support is wanted and needed by CBOs, in particular by cooperatives - in cooperative organization, management and leadership (especially supporting women into leadership); budgeting and financial management, and resolving internal conflicts. There is also a need to support CBOs in promoting gender equity - supporting women into leadership positions (% of positions, training/ mentoring support).</p> <p>b) It cannot be assumed that woreda cooperative promotion offices will have the capacity to meet follow-up institutional development needs of cooperatives in PFM (and more widely in NRM and other sectors). Additional institutional development support is needed.</p> <p>c) The organizational development of CBOs and the institutionalisation of new approaches, for example PFM, needs time. Good practice suggests that after an intensive period of starting up, training and mentoring for CBO leaders and members is required, as CBOs move from an embryonic to an intermediary stage, when only backstopping support is required. When a CBO has matured it has demonstrated sustainability and it is acting independently (self managed). How many years this takes depends on the CBO, its objectives and its operational context. But many support programmes to CBOs are planned on a ten-year time frame. See Recommendations in Section 2.7.</p>	
<b>2.5.1.11 Annual incomes</b>	
<ul style="list-style-type: none"> <li>Estimates for cooperatives between ETB75,000 and ETB161,700 for 2005 (see Annex 3).</li> </ul>	<ul style="list-style-type: none"> <li>Estimates for cooperatives between ETB25,474 and ETB89,695 for 2005 (see Annex 7).</li> </ul>
<b>2.5.1.12 Monies paid to the state</b>	
<ul style="list-style-type: none"> <li>No forest rent paid. FUG members already pay rent for their agricultural land.</li> <li>With respect to plantation forest, 30% of the value of sales value goes to the state.</li> </ul>	<ul style="list-style-type: none"> <li>Forest rent paid – it reduces with regeneration of the forest and is paid by <i>wajibs</i> for tree-less land only.</li> <li>Rent, circa ETB1,000 – ETB1,200 is paid annually. How much each household pays towards the rent is calculated informally by the <i>wajib</i> according to forest use.</li> <li>60% of rent goes to the woreda administration, and 40% to the kebele administration.</li> </ul>
<ul style="list-style-type: none"> <li>40% of the value of forest product sales is collected as ‘royalty’ by NR. This is widely seen by FUG/ <i>wajib</i> members as too high.</li> </ul>	
<b>2.5.1.13 Implications for strengthening financial viability - needs</b>	
<p>a) On the surface these taxes do appear to be high. At the same time this could be viewed as an appropriate level for forest protection.</p> <p>b) But for sustainable forest management the benefits must be proportionate to the costs of protection by forest dwellers/ users. Benefits and costs will differ somewhat between PFM sites - depending on livelihood strategies, the extent of mature trees ready for felling in a CBO area, market prices etc. To assess the implications of taxation to PFM a cost-benefit analysis is needed. See Recommendations in Section 2.7.</p>	
<b>2.5.1.14 Next steps</b>	
<ul style="list-style-type: none"> <li>Programme ends late 2006</li> </ul>	<ul style="list-style-type: none"> <li>IFMP ends in December 2006</li> <li>Considering PFM programmes in Eastern Shewa (Modjo Fuelwood Plantations) and Western Hararghe (Dindin Forest).</li> </ul>

## 2.6 Implications of the Policy Framework and the Exit of IFMP and PFMP in 2006

2.6.1 Donor support for both PFMP and IFMP ends in late 2006. Given the limited period of time remaining there is a strong focus in both programmes of supporting government to institutionalise PFM.

2.6.2 In Chilimo there is a serious risk in handing over, that the zone/ woreda cooperative technical team will impose restructuring on the FUGs, and this could undermine confidence and thereby PFM. There is a tremendous sense of confidence in the CBOs (they have demonstrated their ability to protect and manage forest off-take and they are empowered). In Adaba-Dodola, although there is an

additional six months, the programme area is much larger, more *wajibs* are in the process of forming and the cooperatives are relatively undeveloped compared to Chilimo.

2.6.3 A concern exists in both programmes that limited woreda budgets and capacity heightens the attractiveness for cooperative offices of working with fewer cooperatives (economies of scale). The PFMP team does not want to impose a “solution” - which will undermine the CBOs driving a process of finding a solution (which would encourage ownership by the CBOs of the solution, and therefore their commitment to it). At the same time it seems that the project timeframe (April 2006) is shortening the view, and could be allowed to prevent supporting a process of investigation and negotiation by the CBOs to addressing this institutional problem. In Adaba-Dodola cooperative staff are concerned that the specific requirements of forest cooperatives are not institutionalised in directives, and because policy is lagging behind practice, that a change in staff could mean a return to working from the directives of service cooperatives. This would slow down development of forest cooperatives and it could undermine PFM.

## 2.7.1 Programmatic Conclusions and Recommendations

2.7.1 **Firstly, the status of FUGs/ *wajibs* needs to be strengthened, to ensure they are formally recognised as legal entities in their own right.** One of the reasons pushing FUGs/ *wajibs* to become cooperatives is a perception by them that cooperatives are officially more recognised and have status, which strengthens their legitimacy in forest protection. There is widespread concern that FUGs/ *wajibs* cannot defend themselves in court against illegal users of the forest and a fear of insecurity: that management rights can be taken away just as they are granted: registration as a cooperative provide legal status for court cases and strengthens tenure<sup>34</sup>. Meantime care needs to be taken that cooperatives are not promoted as the solution to the question of what form of CBO organization for PFM.

2.7.2 **Secondly, there needs to be an institutional separation of forest protection roles and responsibilities and forest product marketing/business development roles and responsibilities.**

When these are combined in one CBO (a cooperative):

- There is a tendency for the business aspects of the CBO, especially when it wants to provide different services (savings and credit/ loans and fertiliser), to take over in terms of management time.
- The complexity of management is increased when forest protection roles and responsibilities and forest product marketing/business development are combined because the number of management tasks required of the CBO is greater
- Over-stretched administration and management capacity (all the CBOs are newly established and embryonic in terms of skills) means there is a real risk of weaknesses in financial management, which undermine trust between members and weaken CBO cohesion. Moreover for *wajibs* and small FUGs it is not cost and time effective (given their limited natural resource base) for them to operate like fully-fledged cooperatives.
- Failure of the forest product marketing/business development aspect of the CBO will inevitably undermine forest protection.

There are bound to be some failures in CBOs with marketing/ business development objectives – this is in the nature of the small enterprise development. Therefore it would be prudent to separate out forest protection roles and responsibilities and forest product marketing/business development roles and responsibilities. Not making an institutional separation will place the credibility of the still developing PFM at risk in Ethiopia.

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<sup>34</sup> FBAA/Cdo provide secure tenure under conditions (to ensure sustainable forest management), but it will take time for forest dwellers/ users to feel secure.

2.7.3 **Thirdly, FUGs/ *wajibs* must be able to legally receive grants (e.g. for forest development, path maintenance, spring development) and legally be able to generate income,** All FUGs/ *wajibs* want to be able to generate some income to invest in forest management and for local development needs, and therefore some overlap between protection and income-generating interests is inevitable.

Legal recognition would meet these needs (Section 2.7.1). But it is important to distinguish between the small income generating interests of FUGs/ *wajibs* and the larger forest product marketing/business development objectives of cooperatives, and to maintain an institutional separation between forest protection and forest product trade/ business development. Therefore it is suggested that the objectives of FUGs/ *wajibs* be limited to forest protection and development: that they be allowed to sell forest products but not to engage in marketing/ business development. This would be better left to larger organizations able to buy forest products from a number of FUGs/ *wajibs*, e.g. cooperatives, which have the advantage of economies of scale.

2.7.4 **Therefore it is recommended that PFMP adopts a programmatic approach in which:**

1. **Forest protection and development is the sole responsibility of FUGs/ *wajibs*. In Chilimo, where some FUGS are also cooperatives, this may not be possible.**
2. **Forest product marketing/business development cooperatives are established as institutions existing independently of FUGs/ *wajibs* (this would be with overlapping membership).**

**That PFMP and IFMP work towards:**

3. **The legal recognition of FBAAAs/ Cs, as licences, that will allow FUGs/ *wajibs* to receive grants for forest management and that will allow them to sell forest products to marketing organisations (cooperatives and private sector, as appropriate).**
4. **Securing changes in legislation that allow associations to earn at least some income that will enable them to receive grants and generate income to delivering their primary objectives.**

**Plus in the short term**

5. **Support FUGs/ *wajibs*, which wish to form forest cooperatives, to register as individual cooperatives (for legal status).**

2.7.5 **There is an urgent need for forest cooperatives to be recognised as a type of cooperative, and for directives to be developed at regional level.** Given the lack of legal recognition for FUG/s *wajibs*, it is likely that many will seek transform into cooperatives. In which case forest protection responsibilities and the forest product marketing/business development interests of forest cooperatives need to be clearly set out, avoiding any potential conflict of interests.

2.7.6 **Therefore it is recommended that directives are developed by a task force (government, PFMP and IFMP).** Issues specific to forest cooperatives, which need to be addressed in the directives are:

- a) That membership should be restricted, and how this is to be calculated should be set out.
- b) That the unit of proprietorship (i.e. who decides) should be the same as the unit of production, management and benefit – the group, which manages the resource should also form the local management institution<sup>35</sup>. In other words, a) if a FUG/ *wajib* transforms itself into a cooperative, and therefore has dual roles and responsibilities for forest protection and forest product marketing/business development than its size (number of members) should be in accordance with the boundaries of the forest area, and b) the number of forest cooperatives in a kebele will depend on the area of forest and the number of small, landscape based, PFM (NRM) units.
- c) That men and women should equally be entitled to membership in their own right, and therefore dividends.

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<sup>35</sup> See Murphee, 1993 and RoB, 2004:2.1.

- d) That the FBAA/C/ C defines rights and responsibilities in forest protection. (But ideally protection and forest product marketing/business development roles should not co-exist in the same cooperative – see above.)
- e) That a clear statement is needed in the constitution and procedures of a cooperative engaged in forest product trade/ business development, which sets out the relationship between the cooperative and neighbouring FUGs/ *wajibs* - roles and responsibilities. Selling forest products to the cooperative should be a voluntary decision on the part of other FUGs/ *wajibs*, and not an obligation – to promote competition and to attract the other buyers (the private sector).
- f) Procedures for dispute resolutions.
- g) Information on where to go for forest, forest product marketing and organizational development advisory support (in addition to relevant government technical departments).

It cannot be assumed that government technical departments have the capacity to provide on-going technical, especially institutional development support, to CBOs in PFM.

**2.7.7 Therefore it is recommended that a dedicated programme or unit be established for strengthening CBOs in common property management** – situated inside NR or outside but working closely with government departments. In designing a programme of institutional support to CBOs, two multi-faceted questions need to be asked by all PFM, and wider common property management, stakeholders:

- a) How much support can realistically be expected from government technical departments for PFM, under what conditions, and what are the gaps?
- b) How can these gaps best be addressed?

The above questions need to be asked about the extent and quality of support from woredas for PFM, especially in more remote and poorer woredas – assuming a roll-out. But they also need to be asked in the context of a demand-driven approach by the CBOs, that allows CBOs to work out their own organizational solution which retains community level responsibility and ownership; has access to the privileges of cooperatives and which provides scale where desired for forest product trade/ business development.

**2.7.8 Fourthly, it is important that policy engagement by PFMP and IFMP is undertaken with partner CBOs.** Without this, engagement by FA/ SoS Sahel and GTZ in policy advocacy and lobbying will be on behalf of communities, and an opportunity to include the PFM voice of communities at the interface of government will have been missed. FUGs/ *wajibs* and cooperatives have already developed agency<sup>36</sup> at the local level, and a platform is needed for them to be able to shape policy and practice – their members are the key practitioners and the local experts.

**2.7.9 Therefore it is recommended that PFMP and IFMP adopt and develop a demand-driven approach to the policy and legislation changes required to support CBOs in PFM.** Bearing in mind that a) federal policy and legislation is needed to promote PFM throughout Ethiopia, and that b) there is a need for a longer term programme of support to CBOs in PFM (and other common property management), structures and mechanisms of engagement needed in a demand-driven approach include:

- a) Workshops in each PFM programme with CBO committee members (plus women) to raise awareness about the policy context, to discuss the recommendations of this institutional review, to consult on ways forward and to identify representatives to form working groups.
- b) An internal inter-programme working group of CBO representatives and PFM staff representatives from each PFM site - to discuss the recommendations of this institutional review and to agree next steps in terms of policy engagement and approaches to institutional

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<sup>36</sup> Agency is an actor's ability to make purposeful choice. The capacity to act as an agent implies the actor is able to envisage and choose options.

development. This should meet quarterly to maintain momentum and to ensure CBOs are genuine partners.

- c) A national level PFM Working Group (in or with NR, and with CBO representatives) - to make recommendations to government for changes in legislation (Section 2.7.4).

**2.7.10 Fifthly, for sustainable forest management the benefits must be proportionate to the costs of protection** by forest dwellers/ users.

**2.7.11 Therefore it is recommended that an economic analysis of the costs and benefits of protection to communities and CBOs be commissioned.** Costs should include opportunity costs and taxation, and benefits should include the value of forest products for household consumption and hidden benefits for cooperatives, such as audit services from the cooperative promotion office.

**2.7.12 Sixthly a massive assumption is being made that cooperatives are only/ best form of community-based organization for rural enterprise.** It is not at all clear that this is the case: other forms of private sector organization with benefit sharing mechanisms may be possible and more appropriate.

**2.7.13 Therefore it is recommended that FA/ SoS Sahel and GTZ (perhaps with other organization interested in rural enterprise development) commission a feasibility study into alternative forms of commercial organizations for community-based rural enterprises.**

## **2.8 Linking with Wider Efforts in Strengthening Civil Society's Engagement with Government**

2.8.1 A number of organizations in Ethiopia have been asking similar questions about the appropriateness of legislation pertaining to CBOs for natural resource management and rural enterprise development. In addition of Farm Africa, SoS Sahel and GTZ, these include Oxfam GB, Pastoral Forum of Ethiopia, SCF USA and WaterAid. Many more organizations are concerned about the expectations being made of CBOs in rural development (including kebele cabinets) when their capacity is limited.

2.8.2 Many organizations are seeking to strengthen the engagement of CBOs with local government. But at present there is only one organization specialised in the institutional development of CBOs – Pact – and there is a need for more expertise in this area. Some organizations are seeking to expand their expertise and activities into CBO training/ mentoring support, and therefore there could be an opportunity for a collective effort (with collective funding) in a programme of support for CBOs.

2.8.3 Notwithstanding any general programme of support CBOs, there is a strong argument for PFM and NRM support organizations retaining a separate focus on the specific needs of CBOs in common property management. This is largely because of the nature of the common property resource that is being managed – natural – and the protection/ conservation interests of people whose livelihoods are dependent on the conservation of the resource. The resources vary from forests, to watersheds and water sources to rangeland. Irrespective of the natural resource there are common issues and problems – in particular about how to link traditional systems of management with legal entities, and the need for more appropriate representative, accountable and legal entities (RALEs). There are also differences: an obvious one is with respect to the marketable value of the common property resource, which is significant for forests and not significant for rangeland.

2.8.4 Therefore it is recommended that while PFMP and IFMP collaborate with the institutional development programmes of other organizations that a dedicated programme or unit be established to support CBOs in common property management (see Section 2.7). It would also be easier for a dedicated programme/ unit to focus on environmental issues, and to bring CBOs into these debates, including the international debates.

### 3 LOOKING AROUND: LESSONS FROM CBNRM ELSEWHERE

To help think outside the present situation, it is useful to get ideas from other countries where CBNRM is established. Some ideas are presented in this section. It starts with a discussion of the implications of registration and institutional development options (as associations or cooperatives) for CBOs in PFM at the moment in the context of internationally accepted best practice. Following this is a brief discussion about lessons from CBNRM experience elsewhere, and implications for PFM and CBNRM in Ethiopia. The widely accepted guiding principles<sup>37</sup> of community based natural resource management (CBNRM) are used to order to situate PFM in the wider debate of CBNRM

#### 3.1 Principles Guiding CBNRM: The Cooperative Fit

3.1.1 Table 3.1.1 below examines the fit between association and cooperative policy and the guiding principles of CBNRM.

**Table 3.1.1: CBO Types and Fit with Principles Guiding CBNRM**

CBNRM Guiding Principles	Cooperatives	Associations
1. Representative and accountable legal entity.	<ul style="list-style-type: none"> <li>Broad community membership base provides legitimacy and promotes local accountability</li> </ul>	
2. The effective management of natural resources is best achieved by giving the resource a focused value (to demonstrate whether the benefit has a measurable value)	<ul style="list-style-type: none"> <li>Only cooperatives, because they are allowed to engage in business, can meet this requirement.</li> </ul>	N/A
3. Differential inputs must result in differential benefits (communities living with and managing the natural resource and therefore bearing a higher personal cost should receive higher benefits than those who do not bear this cost).	<ul style="list-style-type: none"> <li>Cooperative or association byelaws can restrict membership to the natural resource area being managed by the group.</li> </ul>	
4. There must be a positive correlation between the quality of management and the magnitude of derived benefits - incentives for good management must reward greater investment in the natural resource base with greater benefits	<ul style="list-style-type: none"> <li>Entitled to generate income from business activities, to access loans and to have a savings and credit facility.</li> <li>Dividends provide an incentive to engage in NRM.</li> <li>Equitable distribution between members of 70% of net profit – in the form of dividends<sup>38</sup>.</li> <li>Members can decide to re-invest dividends in cooperative business.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
5. The unit of proprietorship (i.e. who decides) should be the same as the unit of production, management and benefit – the group, which manages the resource should also form the local management institution.	<ul style="list-style-type: none"> <li>Theoretically this could be the case with cooperatives or unions. But see below -</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
6. The unit of proprietorship should be as small as practicable, within ecological and socio-political constraints.	<ul style="list-style-type: none"> <li>Grouping FUGs/ <i>wajibs</i> into larger cooperatives could run counter to this if FUG/ <i>wajibs</i> do not have sole responsibility for forest management.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>

<sup>37</sup> See Murphee, 1993 and RoB, 2004:2.1

<sup>38</sup> FDRE, 1998: article 33.

3.1.2 The above table demonstrates an encouraging level of compatibility between cooperatives as a form of organization for NRM and the principles guiding CBNRM. But this should not detract from the PFM experience (Section 2), which is that

- a) CBOs should be self formed and dependent on the ‘landscape’ they are managing.
- b) A clear distinction is made between the protection and forest product trading/ business.
- c) All CBOs need to be able to receive and generate some income legitimately, and not forced into becoming formal cooperatives when it is not appropriate for their purposes.

### 3.2 The Experience of CBOs in NRM in Other Countries

3.2.1 The table below presents some of the differences and similarities between the policy and operational context of forest cooperatives in Ethiopia, and CBOs in NRM in Botswana and Namibia (trusts and ‘conservancies’ respectively). Botswana and Namibia were selected primarily because of the experience of CBOs in NRM (common property management) in these countries, although the CBO focus has been mainly in wildlife management and community-based tourism. However there are informative lessons for PFM and CBNRM in Ethiopia to be drawn this experience.

**Table 3.2.1: Comparison of Policy and Institutional Aspects of CBOs in PFM in Ethiopia and CBOs in CBNRM in Botswana and Namibia.**

<b>Ethiopia</b>	<b>Botswana</b>	<b>Namibia</b>
<b>3.2.1.1 Policy and Legislation: Context</b>		
<ul style="list-style-type: none"> <li>Only Oromia Region has formally recognised the potential role of “organized communities” in forest management, in 2003<sup>39</sup>.</li> <li>No federal PFM policies or regional level policies with respect to promoting CBNRM</li> </ul>	<ul style="list-style-type: none"> <li>Draft CBNRM policy proposes that representative and legal accountable legal entities “manage the natural resources base within the related communal area, manage the use and beneficiation of any natural resources, manage the benefits derived from any use, and to manage the CBO and its assets, all for the common good of the community.” RoB, 2004: 4.1.4.</li> <li>But CBNRM is widely promoted as a rural development strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Forest Act (2001) makes provision for the establishment of various types of ‘classified forest’ area including a category of community forest.</li> <li>The Nature Conservation Amendment Act 1996 gives residents of communal areas rights over wildlife and tourism.</li> <li>Community-Based Tourism Policy (1995) provides a framework for ensuring communities have access to opportunities in tourism development and are able to share in its benefits</li> <li>CBNRM is embedded in national development plans as an explicit rural development strategy.</li> </ul>
<ul style="list-style-type: none"> <li>Only form of CBNRM recognised is PFM.</li> </ul>	<ul style="list-style-type: none"> <li>Strong focus on management of wildlife and tourism by communities.</li> <li>Existing and draft policies recognise that where tourism is linked to wildlife and wild landscapes, the benefits to local communities can provide important incentives for conservation of these resources.</li> </ul>	
<b>3.2.1.2 Locus on community-based management – key condition upon which ownership and user rights are given to people.</b>		
<ul style="list-style-type: none"> <li>In PFM, the FUG/ <i>wajib</i> or cooperative committee.</li> </ul>	<ul style="list-style-type: none"> <li>The committee of the community ‘trust’</li> </ul>	<ul style="list-style-type: none"> <li>The conservancy committee.</li> <li>The committee must include one traditional leader to promote linkages and collaboration with traditional authorities.</li> </ul>
<b>3.2.1.3 Membership</b>		
<ul style="list-style-type: none"> <li>“Membership is voluntary and open to all persons”<sup>40</sup></li> </ul>	<ul style="list-style-type: none"> <li>Limited through residency.</li> </ul>	<ul style="list-style-type: none"> <li>Limited through residency.</li> </ul>

<sup>39</sup> Oromia Regional State, 2003.

<sup>40</sup> FDRE, 1998: article 5.1.

But byelaws limit membership.		
<b>3.2.1.4 Scope and Scale of CBO's Responsibilities and Activities in NRM</b>		
<ul style="list-style-type: none"> <li>Only in Oromia are "organized communities" in NRM recognized. Overall PFM (and CBNRM) is at an embryonic stage in terms of developing as a recognised approach to natural resource management.</li> </ul>	<ul style="list-style-type: none"> <li>Most CBOs have 'concession areas' which they manage. In addition to NRM itself some CBOs lease out part of the concession to private sector tour operators; some run their own eco-tourism ventures and some have joint ventures.</li> </ul>	<ul style="list-style-type: none"> <li>Most CBOs have 'conservancies' which they manage. In addition to NRM itself some CBOs lease out part of the conservancy to private sector tour operators; some run their own eco-tourism ventures and some have joint ventures.</li> </ul>
<ul style="list-style-type: none"> <li>At present there are 92 CBOs in PFM (PFMP and IFMP), plus more at an establishment stage, plus JICA supported CBOs.</li> </ul>	<ul style="list-style-type: none"> <li>CBNRM projects are mostly wildlife based, with a few veld product- based projects and cultural activities. In 2002, 46 CBOs were registered.<sup>41</sup></li> </ul>	<ul style="list-style-type: none"> <li>Total number of CBO with conservancies was 29 at end of 2003, when another 40 were working towards registration<sup>42</sup>.</li> </ul>
<ul style="list-style-type: none"> <li>Estimated forestry cooperative income expected to vary considerably from zero to US\$18,802 (ETB161,700) in 2004/2005<sup>43</sup>. 70% of income can be paid out as dividends. If members choose, some or all of the 70% can be invested in local development projects.</li> </ul>	<ul style="list-style-type: none"> <li>No data available on income generated by trusts.</li> <li>Employment generated by CBNRM in 2003 was estimated between 1,000 and 1,500 (important source of livelihood). Few benefits (other than game meat) are disbursed to households. A few CBOs give small annual cash amount to households or support vulnerable groups within the villages<sup>44</sup>.</li> </ul>	<ul style="list-style-type: none"> <li>Direct conservancy income was N\$3.2 million in 2002. Conservancy income varies widely with the highest earning conservancy getting N\$960,000 or more than a quarter of the total income<sup>45</sup>. A few conservancies have distributed income to their members, the highest payout being N\$630 per member. Conservancy benefits are supplementary rather than primary sources of livelihoods.<sup>46</sup></li> </ul>
	<ul style="list-style-type: none"> <li>Zimbabwe: The number of households benefiting from CAMPFIRE<sup>47</sup> cash dividends increased from 7,861 in 1989 to over 80,000 in 2001, but the average earning per household remained low (US\$14.02 per household per year). CAMPFIRE is a secondary rather than primary source of livelihood<sup>48</sup>.</li> </ul>	
<b>3.2.1.4 Sources of CBO Support</b>		
<ul style="list-style-type: none"> <li>Mobilization and formation support for cooperatives in PFM provided by woreda cooperative offices, with NGO support. Audit service provided by</li> </ul>	<ul style="list-style-type: none"> <li>District level support provided, particularly in the development of management plans and in dealings with joint venture partners</li> <li>Department of Wildlife and National Parks is the lead</li> </ul>	<ul style="list-style-type: none"> <li>District level support provided, particularly in the development of management plans and in dealings with joint venture partners.</li> <li>Ministry of Environment and Tourism is the lead agency from central government.</li> </ul>

<sup>41</sup> Arntzen, J.W., O.B. Tshosa and T. Kaisara, 2004: 69.

<sup>42</sup> Information from IRDNC staff in Namibia, July 2004.

<sup>43</sup> See annexes 3 and 7.

<sup>44</sup> Arntzen et al 2003 cited in Arntzen, J.W., O.B. Tshosa and T. Kaisara, 2004: 70.

<sup>45</sup> NACSO, 2003 cited in Arntzen, J.W., O.B. Tshosa and T. Kaisara, 2004: 67.

<sup>46</sup> Arntzen, J.W., O.B. Tshosa and T. Kaisara, 2004: 67.

<sup>47</sup> Communal Area Management Programme for Indigenous Resources.

<sup>48</sup> Bond, 2003 cited in Arntzen, J.W., O.B. Tshosa and T. Kaisara, 2004: 64.

<sup>49</sup> Including the Kalahari Conservation Society, Perma culture, Thusano Lefatsheng and the Forestry Association of Botswana.

<sup>50</sup> Botswana Community-Based Organisations Network

<sup>51</sup> Arntzen, J.W., O.B. Tshosa and T. Kaisara, 2004: 70.

<sup>52</sup> Namibian Association of CBNRM Support Organizations

<sup>53</sup> Arntzen, J.W., O.B. Tshosa and T. Kaisara, 2004: 66-67.

<p>cooperative offices.</p> <ul style="list-style-type: none"> <li>• There is no comprehensive list of NGOs active in NRM, but examples outside PFM include WaterAid.</li> </ul>	<p>agency from central government.</p> <ul style="list-style-type: none"> <li>• Several NGOs have substantially supported CBOs<sup>49</sup>. USAID funded the CBNRM support programme. CBOs have established an umbrella organisation BOCOBONET<sup>50</sup> to represent their interest.<sup>51</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Support services are provided by NGO members of NASCO<sup>52</sup>, in particular IRDNC and the University of Namibia<sup>53</sup>.</li> </ul>
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3.2.2 There are therefore important differences in the operational context of CBNRM in Botswana and Namibia, and PFM in Ethiopia. FUGs/ *wajibs* are smaller in terms of their membership than CBOs in NRM in Botswana and Namibia<sup>54</sup>. This is in large part dictated by the nature of the resource being managed: a wildlife management area has to be much larger than a forest management area. Moreover the focus in Botswana and Namibia is more on revenue sharing from wildlife and tourism than common property management – which is the focus of PFM in Ethiopia.

3.2.3 There is considerable variation between CBOs in the income and benefits they realise - depending on the nature of the natural resource being managed, and tourism. Trophy hunting<sup>55</sup> and high budget tourism can earn significant amounts of income, but most CBNRM projects do not make a large, direct, impact on rural livelihoods<sup>56</sup>. It is only when people have realised employment through CBNRM that CBNRM is a primary source of livelihood.

3.2.4 The number of smaller community groups in PFM adds another dimension - scale. Already there are more than 92 CBOs in PFM, and with the intended roll-out to other forest areas, this number will increase substantially. Numerically this is already higher than the number in either Botswana or Namibia. Institutional development support needs in Botswana and Namibia are met by NGOs working closely with government in dedicated programmes of support. Although in Ethiopia only cooperatives are legally allowed to receive grants and engage in business, as already noted *FUGs/wajibs* also want to be allowed to engage in (small) levels of forest product trade/ business development. Therefore there is a need to policy and legal changes to enable FUG/ *wajibs* to receive grants and generate income. When the interests of *FUGs/wajibs* and cooperatives are combined, there is a large need for institutional development support (and a demand from CBOs in PFM<sup>57</sup>).

### 3.3 Lessons with Respect to Empowerment and Supporting the Development of Vibrant CBOs in PFM (and NRM)

3.3.1 When forest (or any natural resource) management rights have been devolved to a FUG/ *wajib*, the FUG/ *wajib* must retain ownership and control of the management process. If this is not the reality, because for example the practical locus of management is moved from the smaller community to a larger cooperative, then there is a risk that communities will become sceptical of policy intention and implementation. In Zimbabwe the devolution of rights over wildlife has stopped at the level of the district council, and there is concern that communities will once again view game as belonging to the state, and return to poaching. For PFM therefore, the authority to manage must reside in the FUG/ *wajib* (see also sections 2.5 and **Recommendation** in 2.7)

3.3.2 Similarly a lesson from CBNRM in countries in southern Africa is the importance of communities retaining the revenue they generate from their management of natural resources: in other words, with the devolution of management comes the devolution of benefits. The less income is shared with the state, then the better this bodes for local ownership and control: increased benefits are

<sup>54</sup> Personal experience.

<sup>55</sup> There is potential for trophy hunting of mountain antelope in some *wajibs* of Adaba-Dodola.

<sup>56</sup> Arntzen, J.W., O.B. Tshosa and T. Kaisara, 2004: 72.

<sup>57</sup> CBOs in Chimilo and Adaba-Dodola.

a tool for forest protection. Hence one of the recommendations of the review is an economic analysis of the costs and benefits of PFM for CBOs (see **Recommendation** in 2.7).

3.3.3 Benefit sharing within communities is equally critical to success – whether in the form of cooperative dividends or investment in local infrastructure or development projects. In this respect cooperative organization is an appropriate form of organization. Moreover if new policy or legislation for CBOs in NRM is to be developed it must address arrangements and procedures for benefit sharing.

3.3.4 In an extensive review of the legal, policy and institutional aspects of CBOs in NRM in southern Africa, Arntzen et al found that community based approaches require careful, targeted long-term support:

“Few community-based projects would survive without external support, technical and financial. At the same time, there is evidence that external support makes communities dependent on such support, and jeopardises the sustainability. Therefore the support must be temporary, and adjusted in time to the evolving capacity and needs of communities. Support should be suspended or withdrawn if the project does not produce tangible results.

External support will be necessary for a considerable time, but it needs to:

- Recognise the changing needs of CBO during the maturing process;
- Be linked to performance. Support for failing projects should be withdrawn after a due warning period;
- Address specific areas such as organisation and management, financial management, dealing with private sector and government, natural resource monitoring and performance assessment.”<sup>58</sup>

(See **Recommendation** in 2.7)

### 3.4 Wider Conclusion: Whither Cooperatives?

3.4.1 Finally as can be seen from the experience of CBOs in NRM (common property management) elsewhere – CBOs do not need to be established as cooperatives. There are other forms of registration – e.g. as trusts and conservancies in Botswana and Namibia respectively. But no matter what form CBOs take, experience shows that whenever a community owned business is involved, almost certainly there is a need for training/ mentoring support in financial administration and management; governance and negotiating skills. Therefore in looking at how the institutional development needs of CBOs in PFM can be met, whatever form a business-oriented CBO takes careful long-term targeted support is required.

3.4.2 Strictly speaking for forest protection cooperative forms of organization should not be required. Cooperative or other forms of organization for community-owned business should only enter the scene with the development of business. Therefore there is a strong argument for PFM programmes to focus on institutionalising and scaling up PFM, and to leave the forest product marketing/business development side to organizations more experienced in community business development.

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<sup>58</sup> Arntzen, J.W., O.B. Tshosa and T. Kaisara, 2004: 79.

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**ANNEX 1: BRIEF DESCRIPTION OF PFMP AND IFMP SITES BY REGION**

<b>REGION</b>	<b>FOREST DESCRIPTION AND OTHER KEY INFORMATION</b>	<b>PFM CBOs</b>
<b>Oromia</b>		
Adaba-Dodola	<ul style="list-style-type: none"> <li>• Predominately <i>Juniperus procera</i> with <i>Podocarpus gracilior</i> and broadleaf forest found in Dodola. This is one the few surviving examples of afro-montane forest. IFMP is active in approximately 33% of the 85,000 ha forest.</li> <li>• IFMP is active in two woredas – Adaba and Dodola in which the Adaba-Dodola Priority Forest Area is found.</li> <li>• Historical causes of forest destruction include commercial sawmills (Sheshamane).</li> <li>• Bale Mountains National Park is largely situated in Adaba. There are also controlled hunting areas with potential for hunting mountain antelope (trophy of US\$5,000).</li> <li>• Some wajibs are already active in community-based eco-tourism (horse trekking) and all have the potential to be so.</li> <li>• People are mainly Arsi Oromo, and wajibs members are forest dwellers.</li> </ul>	<ul style="list-style-type: none"> <li>• Total of 59 wajibs. Four have formed separate cooperatives – Adele, Barissa, Bura, and Danaba.. Another 15 wajibs in the process of formation.</li> <li>• Each wajib has between 17 and 30 member households (12 ha./ household). About 75% of wajibs have 30 households.</li> </ul>
Borena	<ul style="list-style-type: none"> <li>• <i>Juniperus-Olea</i> forest of x ha. PFMP is active in approximately x%.</li> <li>• PFMP is active in three woredas – Arero and Yabello in Borana zone and Liben in Guji zone.</li> <li>• Arero and Yabello are in the Arero Yabello Regional Priority Forest, and Liben is in the Negelle-Dawa belt of the Mankubsa Forest.</li> <li>• Historical causes of forest destruction include commercial sawmills, use of timber by the army for construction and forest burning during the Ethio-Somali conflict in 1977/78. Urban demand for forest products remains high, and the forest is also under threat from migrating farmers.</li> <li>• Borena is a pastoralist area, and the people are mainly Borena.</li> </ul>	<ul style="list-style-type: none"> <li>• Total of seven CBOs, all cooperatives - Distu Manqudsa, Gaadisa Gombo Gudo, Jireena Guto, Kayo Jidu, Lattu Arero, Lattu Obda and Qwbsa Obda</li> </ul>
Chilimo	<ul style="list-style-type: none"> <li>• Mixed (broad leaf and coniferous) forest. This is another of the few surviving examples of afro-montane forest. Chilimo is one of the blocks of the Metcha mountain range of forest.</li> <li>• PFMP is active on one woreda – Dendi – with a forest area of 3,774 ha. Ghinchi and Ambo towns are adjacent to the forest and are an important market for timber and charcoal, which has led to deforestation.</li> <li>• Other woredas in which the forest is partly situated in another 13 woredas (patch forest in ten woredas and more dense forest in the remaining three).</li> <li>• Historically Chilimo has been the most commercially exploited forest in the country,</li> </ul>	<ul style="list-style-type: none"> <li>• Total of 12 CBOs</li> <li>• Ten FUGs - Dano Senyota, Gaji, Goben, Kersa Alti, Mesalmiya, Tero Jim Jim, Tiyo, Togetecha, Werbo and Ybdo Keshna. All are in the process of restructuring to form cooperatives.</li> <li>• Two cooperatives – Chilimo and Gallessa.</li> </ul>

	<p>largely due to its proximity to Addis Ababa (less than 100 km).</p> <ul style="list-style-type: none"> <li>• People are mainly Mecha Oromo with some Gurage, Amhara and Kambatta peoples.</li> <li>• Chilimo is not on a tourist circuit, but potential exists for a weekend break market (by Addis Ababa residents) - in addition to the forest, Wanchi and Dendi crater lakes and Teltele Falls are nearby. Another alternative is to promote Chilimo as a horse trekking destination.</li> </ul>	
<b>SNNPR</b>		
Bonga	<ul style="list-style-type: none"> <li>• Predominately sub tropical monotone natural forest, with some forest plantation in Watcha woreda.</li> <li>• Extends over five woredas of Kafa Zone, over a total area of x ha.</li> <li>• PFMP is active in two woredas – Gimbo and Deccha with forest areas of 22,539 ha and 55,581 ha respectively. Bonga, the zone town, is adjacent to Gimbo woreda and is an important market for timber and charcoal, which has lead to deforestation around Bonga.</li> <li>• Two groups of marginalized minorities, the Menja and Mana peoples, are the main users of the forest.</li> <li>• NTFPs include wild coffee and spices.</li> </ul>	<ul style="list-style-type: none"> <li>• Total of six PFM CBOs</li> <li>• Three FUGs – Dara, Matapa and Obera</li> <li>• Three forest cooperatives – Agama, Beka and Watcha.</li> <li>•</li> </ul>

**ANNEX 2: CBOs BY TYPE AND PFM SITE**

**FOREST USER GROUP/ WAJIB**

<b>Name</b>	<b>No. of FUG/ Wajib</b>	<b>Woreda/ Kebele</b>	<b>PFM site</b>	<b>Income potential in next five years</b>
Seven wajibs of 20 to 30 homesteads <sup>59</sup> in Ejersa	7	Adaba Woreda Ejersa Kebele	Adaba-Dodola	All wajibs with community-based eco-tourism potential. Medium potential from (selling grazing dead wood for fuelwood). Longer term high potential from natural forest timber sales.
Thirteen wajibs of 30 homesteads in Bubisa	13	Adaba Woreda Bubisa Kebele	Adaba-Dodola	All wajibs with community-based eco-tourism potential. Medium potential from (selling grazing dead wood for fuelwood). Longer term high potential from natural forest timber sales.
15 wajibs of 30 homesteads being established.		Adaba Woreda Bucharaya Kebele	Adaba-Dodola	All wajibs with community-based eco-tourism potential. Plus high potential from plantation and natural forest timber sales
Twelve wajibs of 18-30 homesteads in Adele	12	Dodola Woreda Bura-Adele Kebele	Adaba-Dodola	All wajibs with community-based eco-tourism potential. Plus high potential from plantation and natural forest timber sales.
Ten wajibs of 30 homesteads in Bura	10	Dodola Woreda Bura-Adele Kebele	Adaba-Dodola	All wajibs with community-based eco-tourism potential. Plus high potential from plantation and natural forest timber sales.
Six wajibs of 17-30 homesteads in Barisa	6	Dodola Woreda Barisa Kebele	Adaba-Dodola	All wajibs with community-based eco-tourism potential. Plus high potential from plantation and natural forest timber sales.
Eleven wajibs of 18 - 30 homesteads in Danaba	11	Dodola Woreda Danaba Kebele	Adaba-Dodola	All wajibs with community-based eco-tourism potential. Plus high potential from plantation and natural forest timber sales.
Dara Forest Development and Conservation Association	1		Bonga	
Matapa Forest Development and Conservation Association	1		Bonga	
Obera Forest Development and	1		Bonga	

<sup>59</sup> Homestead is a unit formed and permanently inhabited by a married couple or a single adult spouse, widow(er) or divorce(e) together with own children or first degree relatives. If two or more married couples live together, the number of homestead corresponds to their number. ORLNAAA, June 2004:2. Thus the term 'homestead' closely corresponds to the census definition of household – a group, which shares from the same fire/ cooking pot.

Conservation Association				
Dano Senyota Forestry Development and Conservation Association	1	Dendii Woreda Dano Egersagibe Kebele	Chilimo	Medium potential – much of the forest is degraded, but there is one patch of plantation.
Gaji Forestry Development and Conservation Association	1	Dendii Woreda Youbdo Lagabatu Kebele	Chilimo	High potential – plantation; natural forest is in good condition. Some land previously used for agriculture (15 ha) purposes returned to forest.
Goben Forestry Development and Conservation Association	1	Dendii Woreda Danisat Tanko Kebele	Chilimo	No potential – degraded, small and inaccessible on a hillside. Large area of land (estimated at 30 ha) previously used for agriculture purposes has been returned to forest.
Kersa Alti Forestry Development and Conservation Association	1	Dendii Woreda Gare Arera Kebele	Chilimo	Weak/ no potential - natural forest found on a hillside is in need of protection hillside and no plantation forest.
Mesalmiya Forestry Development and Conservation Association	1	Dendii Woreda Gare Arera Kebele	Chilimo	High potential – plantation and natural forest.
Tero Jim Jim Forestry Development and Conservation Association	1	Dendii Woreda Tero Jim Jim Kebele	Chilimo	Weak/ no potential – very degraded hillside forest.
Tiyo Forestry Development and Conservation Association	1	Dendii Woreda Kebabarede Kebele	Chilimo	Weak potential – some hillside natural forest but no plantation forest.
Togetecha Forestry Development and Conservation Association	1	Dendii Woreda Danisat Tanko Kebele	Chilimo	Weak /no potential – very degraded. A lot of land (30-50ha) previously used for agriculture purposes has been returned to forest.
Werbo Forestry Development and Conservation Association	1	Dendii Woreda Galesa Kotageshir Kebele	Chilimo	Medium potential – a little plantation and hillside natural forest in good condition.
Ybdo Keshna Forestry Development and Conservation Association	1	Dendii Woreda Youbdo Lagabatu Kebele	Chilimo	No potential – very degraded.
<b>Total</b>	<b>72</b>	Plus another the 15 wajibs in the process of forming in Bucharaya Kebele, Adaba-Dodola		

## COOPERATIVES

Name	No. Cooperative	Woreda/ Kebele	PFM site	Business Potential
Barisa	1	Dodola Woreda Barisa Kebele	Adaba-Dodola	High potential from plantation and natural forest timber sales by wajibs to the cooperative
Danaba	1	Dodola Woreda Danaba Kebele	Adaba-Dodola	High potential from plantation and natural forest timber sales by wajibs to the cooperative.
Adele	1	Dodola Woreda Bura-Adele Kebele	Adaba-Dodola	High potential from plantation and natural forest timber sales by wajibs to the cooperative.
Bura	1	Dodola Woreda Bura-Adele Kebele	Adaba-Dodola	High potential from plantation and natural forest timber sales by wajibs to the cooperative.
Tourism Service Providers Association	1	Dodola Woreda	Adaba-Dodola	High potential from community-based eco tourism.
Ejersa (under formation)	1	Ababa Woreda	Adaba-Dodola	Longer term high potential from natural forest timber sales.
Bubisa (under formation)	1	Ababa Woreda	Adaba-Dodola	Longer term high potential from natural forest timber sales.
Tourism Service Providers Association (under formation)	1	Ababa Woreda	Adaba-Dodola	High potential from community-based eco tourism.
Agama Forestry Development and Producer Multi-Purpose Cooperative	1	Agama	Bonga	
Beka Forestry Development and Producer Multi-Purpose Cooperative	1	Beka	Bonga	
Watcha Forestry Development and Producer Multi-Purpose Cooperative	1	Watcha	Bonga	
Distu Manqudsa	1		Borana	
Gaadisa Gombo Gudo	1		Borana	
Jireena Guto	1		Borana	
Kayo Jidu	1		Borana	
Lattu Arero	1		Borana	
Lattu Obda	1		Borana	
Qwbsa Obda	1		Borana	
Chilimo Forestry Development and Conservation Cooperative	1	Dendii Woreda, Gare Arera Kebele	Chilimo	High potential – plantation forest ready for immediate sale; good natural forest and irrigation. High eco-tourism potential – untouched

Limited				forest, fountains and a former palace.
Gallessa Forestry Development and Conservation Cooperative Limited	1	Dendii Woreda Galesa Kotageshir Kebele	Chilimo	High potential – rich in natural forest (best condition).
<b>Total</b>	<b>20</b>			

**ANNEX 3: PFMP, CURRENT STATUS OF CBOs IN COOPERATIVE PROMOTION PROCESS**

Number	FUG	Members (HHs)	Reg. Fee	Share Capital (ETB)	Total Share capital (ETB)	Forest Potential For Sale	Expected Income from Forest	Grant Money (FA)	Annual Members' Savings	Total of Share Capital, Sales and Savings	Remarks
1.	Chilimo	126	2	10	1260	17	161,700	22,000	7,607	192,567	
2.	Galeesa	187	2	10	1870	0	0	31,000	4,480	37,350	
3.	Mesalmiya	93				133.76	100,000	14,250	2,232	116,482	133.76 ha is eucalyptus plantation
4.	Werbo	216				11.88	75,000	30,550	5,184	110,734	11.88 ha is cypress plantation
5.	Tiyo	58	5	5	290	0	0	12,600	1,392	15,282	
6.	Kersa Alti	82	5	5	310	0	0	14,760	1,968	14,268	Coop members are 62
7.	Dano Senyota	130	10	10	950	11.2	85,000	21,700	2,280	109,930	Coop members are 65
8.	Gaji	264				47.84	125,000	39,600	6,336	170,936	47.84 ha is cypress plantation
9.	Goben	83									
10.	Togetecha	85									
11.	Ybdo Keshna	0									
12.	Tero Jim Jim	0									
		<b>1324</b>			<b>4,680</b>	<b>221.68</b>	<b>546,700</b>	<b>186,460</b>	<b>31,479</b>	<b>767,549</b>	

Expected income from forest product sales is planned for one year period of time (ETB estimate).  
The amount of forest products sold will depend on what forest can be replaced by each CBO.

**ANNEX 4.1:**  
**PFMP: CHILIMO FOREST DEVELOPMENT AND PROTECTION COOPERATIVE**

<b>1</b>		<b>LOCATION</b>
<b>1.1</b>	<b>Name of CBO</b>	<b>Chilimo Forest Development and Protection Cooperative</b>
<b>1.2</b>	<b>Forest</b>	<b>Chilimo</b>
<b>1.3</b>	<b>Woreda and Kebele</b>	Dendii Woreda, Gare Arera Kebele
<b>1.4</b>	<b>Names of interviewee/s and position</b>	
1.4.1	<b>Cooperative members:</b> Tesema Jobira (Chairman) Bekele Merga (Vice Chairman) Abera Tafsewa (Secretary) Chalalisa Ararai (Cashier) Worktu Bekele (Member) Plus nine male members and two female members.	Date: 23 <sup>rd</sup> June 2005
1.4.2	<b>Farm Africa staff:</b> Olani Edess (Team Leader) Efrem Lemu (Community Development)	Date: 22 <sup>nd</sup> – 25 <sup>h</sup> June 2005
1.4.3	<b>Zone Department of Cooperative Promotion:</b> Terefe Yadeta (Registrar) Kasaye Kakeba (Cooperatives Promoter) Tamrat Biri (Cooperatives Promoter)	Date: 22 <sup>nd</sup> and 24 <sup>th</sup> June 2005
1.4.4	<b>Zone Department of Agriculture and Natural Resources:</b> Tadesse Guta (Head of Agriculture and Natural Resources) Berhanu Edetti (NR Team Leader) Kassu Abebe (Expert)	Date: 22 <sup>nd</sup> and 24 <sup>th</sup> June 2005
1.4.5	<b>Zone/ woreda Office of Cooperative Promotion:</b> Tamine Taye (Expert)	Date: 23 <sup>rd</sup> June 2005
1.4.6	<b>Zone/ woreda Office of Agriculture and Natural Resources:</b> Hailu Gessesse (Team Leader, NR and Conservation)	Date: 23 <sup>rd</sup> June 2005

<b>2</b>		<b>ESTABLISHMENT DETAILS</b>
<b>2.1</b>	<b>Formed at initiative of</b>	Community (after promotion/mobilisation by Zone/ woreda cooperative promoters)
<b>2.2</b>	<b>Date registered</b>	2004
<b>2.3</b>	<b>As cooperative, user group etc</b>	Cooperative

<b>3</b>		<b>MEMBERSHIP DETAILS</b>
<b>3.1</b>	<b>Total number members</b>	133 households are paid up members.
<b>3.2</b>	<b>Number male members</b>	Vast majority of registered members are male household heads.
<b>3.3</b>	<b>Number female members</b>	Very few.
<b>3.4</b>	<b>Members as a % of HH</b>	75%.
<b>3.5</b>	<b>Who are not members (e.g. wives, social group, geographical location etc)</b>	32 households (mainly elderly and disabled) are not members but have user rights through members. This includes: <ul style="list-style-type: none"> <li>• The elderly and the disabled, who are not in a position to provide labour to protect the forest, are not entitled to dividends but have access to forest products through relatives and neighbours. There is also a social fund, which they could be helped through in times of need, e.g. house repairs.</li> <li>• One household of a man with two wives (household of one wife included as a member).</li> <li>• Three households, which chose not to join.</li> </ul>
<b>3.6</b>	<b>Reasons why non- members are not members - views of</b>	

3.6.1	Members	Elderly and disabled (see 3.5 above)
3.6.2	Zone/ woreda staff	Elderly and disabled (see 3.5 above)
3.6.3	FA/Sahel, GTZ etc	It may be the three households, which chose not to join have off-farm source of income.
3.6.4	Non-members	No information

<b>4</b>	<b>ECONOMIC DETAILS</b>	
<b>4.1</b>	<b>Share capital</b>	
4.1.1	Total number of shares	126
4.1.2	Share capital	ETB10
4.1.3	Number of members who have paid share capital	126
4.1.4	Total number of shares sold	126
4.1.5	Total amount of share capital raised	ETB1,260
<b>4.2</b>	<b>Registration fee</b>	ETB2
<b>4.3</b>	<b>Other capital raised: 2004/5 estimates</b>	ETB 161,7000 sale of forest products ETB 22,000 grant from Farm Africa ETB 7,607 members' savings for credit ETB 500 from visitors ETB 700 miscellaneous income
<b>4.4</b>	<b>Description of activities (marketing, credit etc)</b>	Forest management, including planting and controlled utilisation. Members provide labour: there are no paid cooperative staff. <ul style="list-style-type: none"> <li>• Seedling nursery activities (watering as a daily onerous task may be paid for, and sometimes with woreda assistance).</li> <li>• Planting seedlings.</li> <li>• Tree husbandry.</li> <li>• Guarding (six blocks; two men guarding every day) to prevent illegal off take.</li> <li>• Advertising products for sale, inviting tenders. Tenders are commonly opened on the appointed day in the presence of Zone/ woreda cooperative or NR staff, who act as witnesses.</li> </ul> General cooperative management and administration Administration of savings and credit Alternative livelihood activities (supported by PFMP and Zone/ woreda): <ul style="list-style-type: none"> <li>• Chicken production – with improved breeds (day old chicks provided by PMP and training provided in husbandry).</li> <li>• Vegetable production – potatoes</li> <li>• Beekeeping.</li> </ul>
<b>4.5</b>	<b>Typical number of annual financial business transactions since established</b>	Sold 7.6 ha of trees Planted 7.6 ha of trees, plans to plant at least 2 ha annually in addition to replacing felled trees. Seven members/ households have a licence to sell firewood in Ghinchi for two days a week – although very few are doing this now as people are planting.
<b>4.6</b>	<b>Annual net income</b>	2004/ 2005 expected to reach ETB140,000.
<b>4.7</b>	<b>Views about impact of activities, their financial viability and sustainability: prospects, under what conditions, with what developmental support?</b>	
4.7.1	Members	<ul style="list-style-type: none"> <li>• Good start with the sale of 7.6 ha of timber.</li> <li>• Potential for eco-tourism – cooperative already has capital to start developing this. Want training/ mentoring support to develop this (and possibly financial support).</li> </ul>

		<ul style="list-style-type: none"> <li>One member understood that communities protecting the forest had a global interest: a visitor to Chilimo informed them that there is/ should be payment by developed countries to developing countries for carbon sequestration.</li> </ul>
4.7.2	Zone/ woreda staff	Overall – high income earning potential.
4.7.3	FA,/Sahel, GTZ etc	Overall – high income earning potential.
4.7.4	Non-members	No information

<b>5</b>	<b>RELEVANCE/ EFFECTIVENESS OF FUG STATUS</b>
	Not appropriate

<b>6</b>	<b>RELEVANCE/ EFFECTIVENESS OF COOPERATIVE STATUS</b>	
<b>6.1</b>	<b>Reasons for this status</b>	
6.1.1	Members	<ul style="list-style-type: none"> <li>To protect the forest (also applies to FUG status).</li> <li>Legal recognition as a cooperative brings rights and power – to government services, and “now we can accuse and be accused.</li> <li>FUG liked to a child growing up, the cooperative is the responsible adult. The responsibility of managing the forest as a community is empowering.</li> <li>With ownership/ management rights people no longer fear that the forest may be taken away from them. During the time of the Derg, about 50 households were forced to relocate when their land was taken for the forest by the government.</li> </ul>
6.1.2	Zone/ woreda staff	Cooperatives <ul style="list-style-type: none"> <li>For government services – training/ advisory support and audits (audit service provided by the zone).</li> <li>To generate income from the forest.</li> <li>To have a savings and credit scheme</li> </ul> Natural resources <ul style="list-style-type: none"> <li>As above</li> </ul>
6.1.3	FA/Sahel, GTZ etc	As above plus FA staff emphasize the importance of the empowerment aspect of having cooperative status.
6.1.4	Non-members	No information
<b>6.2</b>	<b>Who decided?</b>	Community – after forming a FUG
<b>6.3</b>	<b>Advantages/ strengths</b>	
6.3.1	Members	See 6.1.1
6.3.2	Zone/ woreda staff	See 6.1.2
6.3.3	FA/Sahel, GTZ etc	Forest provides capital for potential future activities; provides collateral against a loan and support the saving and credit fund.
6.3.4	Non-members	No information
<b>6.4</b>	<b>Disadvantages/ weaknesses</b>	
6.4.1	Members	None
6.4.2	Zone/ woreda staff	ORLNRAA staff: <ul style="list-style-type: none"> <li>FUG agreements with NR require the maintenance/ expansion of tree cover. The boundaries of the FUG’s area have been worked out to accommodate x number of forest dwellers/ users and not to exceed the carrying capacity of that demarcated area. FUG agreements are still technically in force when a FUG becomes a cooperative.</li> <li>Cooperatives are obliged under the proclamation to accept members, but the byelaws of Chilimo (and Galessa) cooperative limit membership to those residing in the operational area of the cooperative. Presumably this</li> </ul>

		<p>is the demarcated –FUG agreement area – but the cooperative byelaws do not clearly state this<sup>60</sup>.</p> <ul style="list-style-type: none"> <li>• There could be a tension between the economic interests and the conservation/ sustainable forest management interests of the cooperative. Forest policy does not specifically require the ‘organized community’ to maintain tree cover, but grants the right “to use forest products sustainably”, and requires that the community “protect the forest from human encroachment”. In theory therefore a cooperative could fell a large area of forest, reducing tree cover substantially for many years. In practice in Chilimo this is unlikely to happen as most CBOs have a mixture of plantation and natural forest at different stages of growth. But this possibility is a concern of some NR staff at least.</li> <li>• Something of a precedent has been set in that Galessa cooperative sold some forest albeit outside the state forest boundary, and with the proceeds it built a primary school. NR staff member is concerned that this could encourage forest product sales to the detriment of tree cover and sustainable forest management: using for forest product sales to build a school is not seen by NR staff as the responsibility of a CBO in PFM, but a government responsibility.</li> <li>• There is also a theoretical risk that the general assembly of a cooperative could dissolve itself and use the capital to invest in non-forest/ natural resource base projects or as dividends. There is nothing in forest policy which requires local “organized communities” to sustainably manage the forest in perpetuity for future generations, and there is no requirement for “organized communities” to re-invest a certain proportion of income earned in the forest or natural resource base. Rather regulations are presented in terms of protection/ conservation; management and utilization.</li> </ul>
6.4.3	FA/Sahel, GTZ etc	FA staff members are confident of the long term commitment of the FUGs and cooperatives to forest protection and consider the above risks to be very low and/ or non-existent in practice.
6.4.4	Non-members	No information
<b>6.5</b>	<b>Are there differences between objectives of current status and the interests of</b>	
6.5.1	Members	No information
6.5.2	Non-members	

<b>7</b>	<b>KEY ISSUES FOR THE CBO</b>	
<b>7.1</b>	<b>Identification and description of key issues as identified by</b>	
7.1.1	Members	
7.1.2	Zone/ woreda staff	NR – see 6.1.3. NR – see 6.3.3
7.1.3	FA/Sahel, GTZ etc	<ul style="list-style-type: none"> <li>• FA staff are working to a project timeframe – this funding end in 2006 – and believe a longer time-frame is needed to support the development of effective CBOs in PFM.</li> <li>• Need to add value of felled trees by preparing for sale as timber/ lumber.</li> </ul>
7.1.4	Non-members	No information.
<b>7.2</b>	<b>Is it realistic to expect the zone/ woreda to give cooperatives in PFM all the development support they need – views of</b>	
7.2.1	Members	No information
7.2.2	Zone/ woreda staff	Zone cooperative department

<sup>60</sup> But this does mean that some resident households could be excluded on the basis of carrying capacity – see Annex x.3: 3.6.1 and 6.4.1

		<ul style="list-style-type: none"> <li>• Yes, in the longer term. But better to start with two cooperative (cooperatives in PFM are new) and promote additional cooperatives in stage.</li> </ul> <p>Woreda cooperative office</p> <ul style="list-style-type: none"> <li>• Yes. At present 11 cooperative staff in Dendii provide support to a total of 37 cooperatives, average of 3.4 cooperatives/ member of staff: The 37 are composed of 28 service cooperatives; 5 savings and credit cooperatives; 2 sand excavation cooperatives and the 2 PFM cooperatives.</li> <li>• But the issue is transport. Cooperative staff members are dependent on motorbikes: there is no dedicated cooperative vehicle.</li> </ul>
7.2.3	FA/Sahel, GTZ etc	<ul style="list-style-type: none"> <li>• Only two CBOs are registered as cooperatives.</li> <li>• The other ten FUGs are interested in becoming cooperatives, but not all of these have the economic potential to generate income in the short-term. (See Annex x).</li> <li>• A task force was established composed of two zone officials, four woreda officials and one Farm Africa staff member to look into the ‘restructuring’ of FUGs into fewer cooperatives. Before consultations where held with the FUGs the task force recommended that 10 FUGs be restructured into five cooperatives: if this had happened only one FUG would have remained on its own as a cooperative, the rest would have been grouped. But most FUGs wanted to be ‘promoted’ to the level of cooperative without including other FUGs. Notwithstanding the task force recommended proceeding with six cooperatives. Later it was accepted that Galeesa should remain in its own. Therefore according to the task force there will be a total of seven cooperatives, when there were originally 12 FUGs. The rationale for this recommendation/ directive is that some of the FUGs are ‘poor’ and need to form a cooperative with commercially more viable FUGs.</li> </ul>
7.2.4	Non-members	No information
<b>7.3</b>	<b>If not, what are the options?</b>	
7.3.1	Members	N/A
7.3.2	Zone/ woreda staff	Increase in woreda cooperative office staff
7.3.3	FA/Sahel, GTZ etc	Part of the purpose of this review.

<b>8</b>	<b>Other issues</b>
	<p><b>Cooperative member:</b></p> <ul style="list-style-type: none"> <li>• Another member asked about donor funding (he listens to the radio) from rich to poor countries, and commented that all they had was support to Farm Africa. I explained how a methodology is being developed for research in East Africa and south-east Asia to identify the costs and benefits to communities who live in or adjacent to protected areas, and how will provide hard data for organizations to lobby for a better deal for these communities who are protected the environment.</li> </ul>

**ANNEX 4.2:**  
**PFMP: DANO SENYOTA FORESTRY DEVELOPMENT AND CONSERVATION**  
**ASSOCIATION**

<b>1 LOCATION</b>		
<b>1.1</b>	<b>Name of CBO</b>	<b>Dano Senyota Forestry Development and Conservation Association</b>
<b>1.2</b>	<b>Forest</b>	<b>Chilimo</b>
<b>1.3</b>	<b>Woreda and Kebele</b>	Dendii Woreda, Dano Egersagibe Kebele
<b>1.4 Names of interviewee/s and position</b>		
1.4.1	<b>FUG members:</b> Ibsa Ida'ce (Secretary) Girma Bekele (Chair of Forest Protection Committee) Makonin Tafara (Cashier) Nigatu Aradda (Chair of Awareness Raising Committee) Tesfaye Bulu (Development Committee member).	Date: 24 <sup>th</sup> June 2005
1.4.2	<b>Farm Africa staff:</b> Olani Edess (Team Leader) Efrem Lemu (Community Development)	Date: 22 <sup>nd</sup> – 25 <sup>h</sup> June 2005
1.4.3	<b>Zone Department of Cooperative Promotion:</b> Terefe Yadeta (Registrar) Kasaye Kakeba (Cooperatives Promoter) Tamrat Biri (Cooperatives Promoter)	Date: 22 <sup>nd</sup> and 24 <sup>th</sup> June 2005
1.4.4	<b>Zone Department of Agriculture and Natural Resources:</b> Tadesse Guta (Head of Agriculture and Natural Resources) Berhanu Edetti (NR Team Leader) Kassu Abebe (Expert)	Date: 22 <sup>nd</sup> and 24 <sup>th</sup> June 2005
1.4.5	<b>Zone/ woreda Office of Cooperative Promotion:</b> Tamine Taye (Expert)	Date: 23 <sup>rd</sup> June 2005
1.4.6	<b>Zone/ woreda Office of Agriculture and Natural Resources:</b> Hailu Gessesse (Team Leader, NR and Conservation)	Date: 23 <sup>rd</sup> June 2005

<b>2 ESTABLISHMENT DETAILS</b>		
<b>2.1</b>	<b>Formed at initiative of</b>	Community
<b>2.2</b>	<b>Date FUG established</b>	January 2004
<b>2.3</b>	<b>As cooperative, user group etc</b>	FUG

<b>3 MEMBERSHIP DETAILS</b>		
<b>3.1</b>	<b>Total number members</b>	134 HHs
<b>3.2</b>	<b>Number male members</b>	113 male (headed HHs)
<b>3.3</b>	<b>Number female members</b>	21 females (headed HHs)
<b>3.4</b>	<b>Members as a % of HH</b>	100%
<b>3.5</b>	<b>Who are not members (e.g. wives, social group, geographical location etc)</b>	N/A – every HH included in the FUG.

<b>4 ECONOMIC DETAILS</b>		
<b>4.1</b>	<b>Share capital</b>	
4.1.1	Total number of shares	95 – towards establishment of the planned cooperative
4.1.2	Share capital	ETB 10
4.1.3	Number of members who have paid share capital	95

4.1.4	Total number of shares sold	95
4.1.5	Total amount of share capital raised	ETB 950
<b>4.2</b>	<b>Registration fee</b>	ETB 10
<b>4.3</b>	<b>Other capital raised: 2004/5 estimates</b>	ETB 21,700 grant from Farm Africa ETB 6,336 member's savings Plus in the future: ETB 85,000 from sale of forest
<b>4.4</b>	<b>Description of activities (marketing, credit etc)</b>	Forest management, including planting and controlled utilisation. Members provide labour: there are no paid staff. <ul style="list-style-type: none"> <li>• Seedling nursery activities (watering as a daily onerous task may be paid for).</li> <li>• Planting seedlings.</li> <li>• Tree husbandry.</li> <li>• Guarding (three blocks; two men guarding every day/ night: more when there is good moon) to prevent illegal off take..</li> </ul> Alternative livelihood activities (supported by PFMP and Zone/ woreda): <ul style="list-style-type: none"> <li>• Chicken production – with improved breeds (day old chicks provided by PMP and training provided in husbandry).</li> <li>• Vegetable production – potatoes</li> <li>• Beekeeping.</li> </ul>
<b>4.5</b>	<b>No. financial business transactions since established</b>	One – sale of trees for lumber.
<b>4.6</b>	<b>Annual net income</b>	N/A
<b>4.7</b>	<b>Views about impact of activities, their financial viability and sustainability: prospects, under what conditions, with what developmental support?</b>	
4.7.1	Members	•
4.7.2	Zone/ woreda staff	
4.7.3	FA./Sahel, GTZ etc	
4.7.4	Non-members	

<b>5</b>	<b>RELEVANCE/ EFFECTIVENESS OF FUG STATUS</b>	
<b>5.1</b>	<b>Reasons for this status as a FUG</b>	
5.1.1	Members	<ul style="list-style-type: none"> <li>• This community is only 1 km away from Ghinchi town, and at the start of the forest. Town's people were using the grazing for their cattle and collecting timber and firewood, and the area was practically bare of forest. When the community tried to prevent this encroachment in June 1996 EC (before the signing of a FUG agreement) a physical fight broke out. After the police intervened the woreda administration dealt with the issue in favour of the community. Up until then community members understood that they had little government support and were up against the vested interests of the town's people. There was no sign of support from NR either – the community attribute this to NR wanting to see if they were serious about protection. With the intervention of the woreda administration and a visit by Farm Africa the administration asked the community to give the town's people three months 'grace' to find alternative grazing etc.</li> </ul>
5.1.2	Zone/ woreda staff	<ul style="list-style-type: none"> <li>• FUG is a precursor stage to cooperative.</li> </ul>
5.1.3	FA/Sahel, GTZ etc	<ul style="list-style-type: none"> <li>• Medium potential – much of the forest is degraded, but there is one 9-10 ha patch of plantation. This was secured from Gaji and Mesalmiya FUGs with facilitation/ negotiation support from Farm Africa and NR. Gaji and Mesalmiya argued over who had user rights, but agreed to hand it over</li> </ul>

		because it was easier for Dano Senyota to guard and would provide them with some plantation (economic forestry). Dano Senyota members believe Gaji and Mesalmiya opposed handing it over to Dano Senyota but relented because it was state land and they had a moral obligation to help their neighbours.
5.1.4	Non-members	N/A
<b>5.2</b>	<b>Who decided?</b>	Community
<b>5.3</b>	<b>Advantages/ strengths</b>	
5.3.1	Members	FUG agreement, which provides only the community with user rights. But the FUG wants to strengthen their position by becoming a cooperative.
5.3.2	Zone/ woreda staff	
5.3.3	FA/Sahel, GTZ etc	
5.3.4	Non-members	N/A
<b>5.4</b>	<b>Disadvantages/ weaknesses</b>	
5.4.1	Members	<ul style="list-style-type: none"> <li>As a FUG the CBO is not entitled to the same privileges as cooperatives – government services (loans, audits) and the right to have a savings and credit facility.</li> </ul>
5.4.2	Zone/ woreda staff	
5.4.3	FA/Sahel, GTZ etc	
5.4.4	Non-members	N/A
<b>5.5</b>	<b>Are there differences between objectives of current status and the interests of</b>	
5.5.1	Members	Town's people are excluded from the forest.
5.5.2	Non-members	

<b>6</b>	<b>RELEVANCE/ EFFECTIVENESS OF BECOMING A COOPERATIVE</b>	
<b>6.1</b>	<b>Reasons</b>	
6.1.1	Members	<ul style="list-style-type: none"> <li>Strong cooperatives have good relations with other cooperatives, and can work together for the greater protection of the forest and to address marketing issues.</li> <li>The addition of the plantation patch makes organization as a cooperative more feasible. Before some people were opposed to the idea of forming a cooperative on the grounds that the FUG lacked plantation - natural capital - from which to generate income.</li> <li>Dano Senyota is also keen to see the formation of a union – to be formed after negotiations with other cooperatives. This idea grew after a visit to the wajibs in Adabo-Dodola.</li> <li>Members argued that a union of cooperatives could more easily meet the costs of constructing an office; that it would have scale and more clout. A union could provide benefits of scale in terms of forest protection, in being able to purchase expensive seed and other inputs, in multiplying seed, which is difficult to obtain. It could also organize borrowing between cooperatives using the capital of better-off cooperatives to provide loans to cooperatives with little or no plantation (natural capital).</li> <li>One member stated that a union ‘will teach us how to reach consensus’. When asked about whether other cooperatives would want to form a union there was some concern in the group, but they were ‘hoping’ so. One member suggested that Farm Africa has a responsibility to raise awareness about the role of a union – as it has already promoted and facilitated cooperative formation.</li> <li>When it was suggested to the group that not all cooperatives may be prepared to put capital in a shared ‘pot’ (because for example primary cooperative members may have an interest in local-level investment and/ or a certain level of dividend) members of the group argued that investing cooperative income in other activities for economic growth that benefits</li> </ul>

		<p>more people is more important than providing dividends. Examples provided were purchasing grain for grain banks, livestock fattening schemes and the introduction of improved breeds. There was also a view that stronger/ richer cooperatives should help weaker/ poorer cooperatives – those with no or little natural capital to earn an income from. The analogy was presented of teaming one strong ox working with a weak ox in ploughing.</p> <ul style="list-style-type: none"> <li>• Dano Senyota is a gateway to the forest, the first point of access for illegal off take and considers itself to have the first, and a heavier guarding role, than other cooperatives. I got the impression that it has its own costs and benefits analysis vis a vis its better-off neighbouring cooperatives.</li> </ul>
6.1.2	Zone/ woreda staff	<p>Cooperatives</p> <ul style="list-style-type: none"> <li>• For government services – training/ advisory support and audits (audit service provided by the zone).</li> <li>• To generate income from the forest.</li> <li>• To have a savings and credit scheme</li> </ul> <p>Natural resources</p> <ul style="list-style-type: none"> <li>• As above</li> </ul>
6.1.3	FA/Sahel, GTZ etc	As above plus FA staff emphasize the importance of the empowerment aspect of having cooperative status.
6.1.4	Non-members	N/A
<b>6.2</b>	<b>Who decided?</b>	Community
<b>6.3</b>	<b>Advantages/ strengths</b>	
6.3.1	Members	<ul style="list-style-type: none"> <li>• See 6.1.1</li> </ul>
6.3.2	Zone/ woreda staff	<ul style="list-style-type: none"> <li>• See 6.1.2</li> </ul>
6.3.3	FA/Sahel, GTZ etc	<ul style="list-style-type: none"> <li>• Forest provides capital for potential future activities; provides collateral against a loan and support the saving and credit fund.</li> </ul>
6.3.4	Non-members	<ul style="list-style-type: none"> <li>• No information</li> </ul>
<b>6.4</b>	<b>Disadvantages/ weaknesses</b>	
6.4.1	Members	None
6.4.2	Zone/ woreda staff	<p>ORLNRAA staff:</p> <ul style="list-style-type: none"> <li>• FUG agreements with NR require the maintenance/ expansion of tree cover. The boundaries of the FUG’s area have been worked out to accommodate x number of forest dwellers/ users and not to exceed the carrying capacity of that demarcated area. FUG agreements are still technically in force when a FUG becomes a cooperative.</li> <li>• Cooperatives are obliged under the proclamation to accept members, but the byelaws of Chilimo (and Galessa) cooperative limit membership to those residing in the operational area of the cooperative. Presumably this is the demarcated –FUG agreement area – but the cooperative byelaws do not clearly state this.<sup>61</sup></li> <li>• There could be a tension between the economic interests and the conservation/ sustainable forest management interests of the cooperative. Forest policy does not specifically require the ‘organized community’ to maintain tree cover, but grants the right “to use forest products sustainably” and requires that the community “protect the forest from human encroachment”. In theory therefore a cooperative could fell a large area of forest, reducing tree cover substantially for many years. In practice in Chilimo this is unlikely to happen as most CBOs have a mixture of plantation and natural forest at different stages of growth. But this</li> </ul>

<sup>61</sup> But this does mean that some resident households could be excluded on the basis of carrying capacity – see Annex x.3: 3.6.1 and 6.4.1

		<p>possibility is a concern of some NR staff at least.</p> <ul style="list-style-type: none"> <li>Something of a precedent has been set in that Galeessa cooperative sold some forest albeit outside the state forest boundary, and with the proceeds it built a primary school. NR staff member is concerned that this could encourage forest product sales to the detriment of tree cover and sustainable forest management: using for forest product sales to build a school is not seen by NR staff as the responsibility of a CBO in PFM, but a government responsibility.</li> </ul>
6.4.3	FA/Sahel, GTZ etc	FA staff members are confident of the long term commitment of the FUGs and cooperatives to forest protection and consider the above risks to be very low and/ or non-existent in practice.
6.4.4	Non-members	No information
<b>6.5</b>	<b>Are there differences between objectives of current status and the interests of</b>	
6.5.1	Members	No information
6.5.2	Non-members	

<b>7</b>	<b>KEY ISSUES FOR THE CBO</b>	
<b>7.1</b>	<b>Identification and description of key issues as identified by</b>	
7.1.1	Members	See 6.1.1
7.1.2	Zone/ woreda staff	
7.1.3	FA/Sahel, GTZ etc	<ul style="list-style-type: none"> <li>FA staff are working to a project timeframe – this funding end in 2006 – and believe a longer time-frame is needed to support the development of effective CBOs in PFM.</li> <li>Need to add value of felled trees by preparing for sale as timber/ lumber.</li> </ul>
7.1.4	Non-members	No information.
<b>7.2</b>	<b>Is it realistic to expect the zone/ woreda to give cooperatives in PFM all the development support they need – views of</b>	
7.2.1	Members	No information
7.2.2	Zone/ woreda staff	<p>Zone cooperative department</p> <ul style="list-style-type: none"> <li>Yes, in the longer term. But better to start with two cooperative (cooperatives in PFM are new) and promote additional cooperatives in stage.</li> </ul> <p>Woreda cooperative office</p> <ul style="list-style-type: none"> <li>Yes. At present 11 cooperative staff in Dendii provide support to a total of 37 cooperatives, average of 3.4 cooperatives/ member of staff: The 37 are composed of 28 service cooperatives; 5 savings and credit cooperatives; 2 sand excavation cooperatives and the 2 PFM cooperatives.</li> <li>But the issue is transport. Cooperative staff members are dependent on motorbikes: there is no dedicated cooperative vehicle.</li> </ul>
7.2.3	FA/Sahel, GTZ etc	<ul style="list-style-type: none"> <li>Only two CBOs are registered as cooperatives.</li> <li>The other ten FUGs are interested in becoming cooperatives, but not all of these have the economic potential to generate income in the short-term. (See Annex x).</li> <li>A task force was established composed of two zone officials, four woreda officials and one Farm Africa staff member to look into the ‘restructuring’ of FUGs into fewer cooperatives. Before consultations were held with the FUGs the task force recommended that 10 FUGs be restructured into five cooperatives: if this had happened only one FUG would have remained on its own as a cooperative, the rest would have been grouped. But most FUGs wanted to be ‘promoted’ to the level of cooperative without including other FUGs. Notwithstanding the task force recommended proceeding with six cooperatives. Later it was accepted that Galeessa should remain in its own.</li> </ul>

		Therefore according to the task force there will be a total of seven cooperatives, when there were originally 12 FUGs. The rationale for this recommendation/ directive is that some of the FUGs are ‘poor’ and need to form a cooperative with commercially more viable FUGs.
7.2.4	Non-members	No information
<b>7.3</b>	<b>If not, what are the options?</b>	
7.3.1	Members	N/A
7.3.2	Zone/ woreda staff	Increase in woreda cooperative office staff
7.3.3	FA/Sahel, GTZ etc	Part of the purpose of this review.

<b>8</b>	<b>OTHER ISSUES</b>

**ANNEX 4.3:**  
**PFMP: GALEESA FOREST DEVELOPMENT AND PROTECTION COOPERATIVE**

<b>1</b>		<b>LOCATION</b>
<b>1.1</b>	<b>Name of CBO</b>	<b>Galeesa Forest Development and Protection Cooperative</b>
<b>1.2</b>	<b>Forest</b>	<b>Chilimo</b>
<b>1.3</b>	<b>Woreda and Kebele</b>	Dendii woreda, Galesa Kotageshir Kebele
<b>1.4</b>	<b>Names of interviewee/s and position</b>	
1.4.1	<b>Cooperative members:</b> Tajo Dabalu (Vice Chairman) Hirko Ewana (Executive member) Mangiste Bagala (Controller) Bagana Galama (Member) Bagala Chalchisa (Cashier) Malise Badhadha (Savings and Credit)	Date: 25th June 2005
1.4.2	<b>Farm Africa staff:</b> Olani Edess (Team Leader) Efrem Lemu (Community Development)	Date: 22 <sup>nd</sup> – 25 <sup>th</sup> June 2005
1.4.3	<b>Zone Department of Cooperative Promotion:</b> Terefe Yadeta (Registrar) Kasaye Kakeba (Cooperatives Promoter) Tamrat Biri (Cooperatives Promoter)	Date: 22 <sup>nd</sup> and 24 <sup>th</sup> June 2005
1.4.4	<b>Zone Department of Agriculture and Natural Resources:</b> Tadesse Guta (Head of Agriculture and Natural Resources) Berhanu Edetti (NR Team Leader) Kassu Abebe (Expert)	Date: 22 <sup>nd</sup> and 24 <sup>th</sup> June 2005
1.4.5	<b>Zone/ woreda Office of Cooperative Promotion:</b> Tamine Taye (Expert)	Date: 23 <sup>rd</sup> June 2005
1.4.6	<b>Zone/ woreda Office of Agriculture and Natural Resources:</b> Hailu Gessesse (Team Leader, NR and Conservation)	Date: 23 <sup>rd</sup> June 2005

<b>2</b>		<b>ESTABLISHMENT DETAILS</b>
<b>2.1</b>	<b>Formed at initiative of</b>	Community (after promotion/mobilisation by Zone/ woreda cooperative promoters)
<b>2.2</b>	<b>Date registered</b>	FUG 1993 EC Cooperative 2005
<b>2.3</b>	<b>As cooperative, user group etc</b>	Cooperative

<b>3</b>		<b>MEMBERSHIP DETAILS</b>
<b>3.1</b>	<b>Total number members</b>	187 households.
<b>3.2</b>	<b>Number male members</b>	
<b>3.3</b>	<b>Number female members</b>	
<b>3.4</b>	<b>Members as a % of HH</b>	86%
<b>3.5</b>	<b>Who are not members (e.g. wives, social group, geographical location etc)</b>	<ul style="list-style-type: none"> <li>30 HHs – newly married.</li> </ul>
<b>3.6</b>	<b>Reasons why non- members are not members - views of</b>	
3.6.1	Members	<ul style="list-style-type: none"> <li>The area of the FUG was calculated on the basis of its carrying capacity, and as a result there are about 30 newly married couples, where the husband is waiting on membership of the cooperative and access to timber for house construction. A scenario was put to the group that if their share capital (ETB 10) and their registration fee (ETB 2) were paid for them, and that woodless houses were provided, would they then be able to join the cooperative? The group said ‘yes’ and an analogy was used that this</li> </ul>

		would be like ‘adding milk to barley’ flour – very tasty and acceptable. <ul style="list-style-type: none"> <li>• Men tend to marry around 20 years of age. Plots have to be subdivided to give young men land, and they are also excluded from PFM. But the group does not want to see existing forest dwellers/ users excluded.</li> <li>• The cooperative has encouraged these young households to plant eucalyptus woodlots on their father’s land – for timber.</li> <li>• For 17 of the 30 above households the share capital is too much; these newly married couples are living with the man’s father.</li> </ul>
3.6.2	Zone/ woreda staff	No information
3.6.3	FA/Sahel, GTZ etc	See 3.6.1.
3.6.4	Non-members	No information

<b>4</b>	<b>ECONOMIC DETAILS</b>	
<b>4.1</b>	<b>Share capital</b>	
4.1.1	Total number of shares	187
4.1.2	Share capital	ETB 10
4.1.3	Number of members who have paid share capital	187
4.1.4	Total number of shares sold	187
4.1.5	Total amount of share capital raised	ETB 1870
<b>4.2</b>	<b>Registration fee</b>	ETB 2
<b>4.3</b>	<b>Other capital raised: 2004/5 estimates</b>	ETB 31,000 grant from Farm Africa ETB 4,480 members’ savings.
<b>4.4</b>	<b>Description of activities (marketing, credit etc)</b>	Forest management, including planting and controlled utilisation. Members provide labour: there are no paid cooperative staff. <ul style="list-style-type: none"> <li>• Seedling nursery activities (watering as a daily onerous task may be paid for, and sometimes with woreda assistance).</li> <li>• Planting seedlings.</li> <li>• Tree husbandry.</li> <li>• Guarding (every day) to prevent illegal off take.</li> </ul> General cooperative management and administration Administration of savings and credit Alternative livelihood activities (supported by PFMP and Zone/ woreda): <ul style="list-style-type: none"> <li>• Chicken production – with improved breeds (day old chicks provided by PMP and training provided in husbandry).</li> <li>• Vegetable production – potatoes.</li> <li>• Beekeeping.</li> </ul>
<b>4.5</b>	<b>Typical number of annual financial business transactions since established</b>	Only savings and credit.
<b>4.6</b>	<b>Annual net income</b>	N/A
<b>4.7</b>	<b>Views about impact of activities, their financial viability and sustainability: prospects, under what conditions, with what developmental support?</b>	
4.7.1	Members	<ul style="list-style-type: none"> <li>• High potential – rich in natural forest (best condition).</li> </ul>
4.7.2	Zone/ woreda staff	
4.7.3	FA./Sahel, GTZ etc	
4.7.4	Non-members	No information

<b>5</b>	<b>RELEVANCE/ EFFECTIVENESS OF FUG STATUS</b>	
5.1.1	Members	<ul style="list-style-type: none"> <li>• See 5.3.1</li> </ul>

5.1.2	Zone/ woreda staff	<ul style="list-style-type: none"> <li>FUG is a precursor stage to cooperative.</li> </ul>
5.1.3	FA/Sahel, GTZ etc	<ul style="list-style-type: none"> <li></li> </ul>
5.1.4	Non-members	N/A
<b>5.2</b>	<b>Who decided?</b>	Community
<b>5.3</b>	<b>Advantages/ strengths</b>	
5.3.1	Members	<ul style="list-style-type: none"> <li>“The forest was the only reason we community formed the FUG. When we were children we heard the history of the forest, that it was very dense and through time it become degraded. With the fall of the Derg and the transition government there was further loss of the forest – for timber/ lumber (use of pit saws). The forest was state controlled but in effect there was open access. Government employed guards were outwitted by looters and NR experts were part of the looting. There was no protection and the forest was reduced to a very poor condition.</li> <li>The issue of protection was raised by Farm Africa in 1990 EC in discussions with seventeen elders of the Galeesa community: the elders agreed the forest was depleted, but it belonged to the government which had its own guards and it wasn't being protected. The elders also knew, as all do, that in the times of famine people survived because of the forest – where wild foods and game were found, but by then in 1990 EC there was considerably less forest.</li> <li>Negative propaganda was put around this time, that ‘forengi’ had bought the forest and would exploit it and prevent local access. Therefore people were advised to oppose Farm Africa. After a long period of discussion the community reached a consensus – it took a long time to convince us. We were suspicious of NR experts, whom we thought were part of the problem, and of a relationship between the police and the looters, we knew who was corrupted and therefore we didn't believe agriculture and NR. We heard of tensions between Farm Africa and NR, and finally we were convinced. Farm Africa was on the people's side: we heard that NR opposed giving the forest to our community.</li> <li>We decided we could protect the forest better than NR, and we have done that in practice. After we were convinced we got continuous training from Farm Africa, which was very helpful. We made an agreement and a plan with NR. The plan includes when forest management tasks will be undertaken – grazing and closing off areas – and it includes felling for the construction of 4-5 houses only annually for newly married households.</li> <li>The community is convinced and the forest is now in good condition.</li> </ul>
5.3.2	Zone/ woreda staff	<ul style="list-style-type: none"> <li>FUG agreement, which provides only the community with user rights. But the FUG wants to strengthen their position by becoming a cooperative.</li> </ul>
5.3.3	FA/Sahel, GTZ etc	
5.3.4	Non-members	N/A
<b>5.4</b>	<b>Disadvantages/ weaknesses</b>	
5.4.1	Members	See 6.4.1
5.4.2	Zone/ woreda staff	<ul style="list-style-type: none"> <li>As a FUG the CBO is not entitled to the same privileges as cooperatives – government services (loans, audits) and the right to have a savings and credit facility.</li> </ul>
5.4.3	FA/Sahel, GTZ etc	
5.4.4	Non-members	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>5.5</b>	<b>Are there differences between objectives of current status and the interests of</b>	
5.5.1	Members	
5.5.2	Non-members	

<b>6</b>	<b>RELEVANCE/ EFFECTIVENESS OF COOPERATIVE</b>
<b>6.1</b>	<b>Reasons for this status</b>

6.1.1	Members	<ul style="list-style-type: none"> <li>• See 5.3.1. Plus</li> <li>• For government services – training/ advisory support and audits (audit service provided by the zone); to generate income from the forest, and to have a savings and credit scheme.</li> </ul>
6.1.2	Zone/ woreda staff	<p>Cooperatives</p> <ul style="list-style-type: none"> <li>• For government services – training/ advisory support and audits (audit service provided by the zone).</li> <li>• To generate income from the forest.</li> <li>• To have a savings and credit scheme</li> </ul> <p>Natural resources</p> <ul style="list-style-type: none"> <li>• As above</li> </ul>
6.1.3	FA/Sahel, GTZ etc	As above plus FA staff emphasize the importance of the empowerment aspect of having cooperative status.
6.1.4	Non-members	No information
<b>6.2</b>	<b>Who decided?</b>	Community – after forming a FUG
<b>6.3</b>	<b>Advantages/ strengths</b>	
6.3.1	Members	<p>See 5.1.2</p> <ul style="list-style-type: none"> <li>• “When we see what the cooperative has done we feel it is exemplar. But we are not endowed like Chilimo (which has plantation and cash capital). We are not ungrateful but we would like to be able to get and distribute fertiliser.</li> <li>• We know of this union idea from a union in Ambo. When it comes to forestry we will support building strength and scale in cooperatives. The union could buy fertiliser.” How would it get money to buy fertiliser? “It would be able to use the capital from other cooperatives – plantation (natural capital) and financial capital.” What do you think the reaction of richer cooperatives might be to this? “Even we are starting to plant trees, we also have natural forest to see wood from – therefore we have potential”</li> <li>• “We have one question. Some 25-30 years ago when land was last distributed there were those who did not get land and who now have children. These people hire land for sometimes less than 50% of the harvest. People have been asking about their fate: how can PFM help? Farm Africa gave us a grant of ETB 31,000, we have saved some money and the community has bought shares in the coop and we now have a savings and credit scheme. People have bought sheep for fattening, seed, horses etc.</li> <li>• Landless households are members of the cooperative. Young married households are on a ‘waiting list’.</li> <li>• “Previously we only knew about farming, now we have new skills in forestry and we know how to save and to be small merchants”.</li> </ul>
6.3.2	Zone/ woreda staff	See 5.1.2
6.3.3	FA/Sahel, GTZ etc	Forest provides capital for potential future activities; provides collateral against a loan and support the saving and credit fund.
6.3.4	Non-members	No information
<b>6.4</b>	<b>Disadvantages/ weaknesses</b>	
6.4.1	Members	<ul style="list-style-type: none"> <li>• Not all households are members of the cooperative – due to the need to limit access to timber (the carrying capacity). Clearly the group wants all households to be able to join. The population is increasing. “People here do not want to leave. The climate is good for people’s health and for livestock keeping. People want many children and men marry at about 20 years. [One man in the group already has 10 children]. There are also no/ few sources of off-farm income/ employment.</li> </ul>

6.4.2	Zone/ woreda staff	<p>ORLNRAA staff:</p> <ul style="list-style-type: none"> <li>• FUG agreements with NR require the maintenance/ expansion of tree cover. The boundaries of the FUG’s area have been worked out to accommodate x number of forest dwellers/ users and not to exceed the carrying capacity of that demarcated area. FUG agreements are still technically in force when a FUG becomes a cooperative.</li> <li>• Cooperatives are obliged under the proclamation to accept members, but the byelaws of Chilimo (and Galessa) cooperative limit membership to those residing in the operational area of the cooperative. Presumably this is the demarcated –FUG agreement area – but the cooperative byelaws do not clearly state this.<sup>62</sup></li> <li>• There could be a tension between the economic interests and the conservation/ sustainable forest management interests of the cooperative. Forest policy does not specifically require the ‘organized community’ to maintain tree cover, but grants the right “to use forest products sustainably” and requires that the community “protect the forest from human encroachment”. In theory therefore a cooperative could fell a large area of forest, reducing tree cover substantially for many years. In practice in Chilimo this is unlikely to happen as most CBOs have a mixture of plantation and natural forest at different stages of growth. But this possibility is a concern of some NR staff at least.</li> <li>• Something of a precedent has been set in that Galessa cooperative sold some forest albeit outside the state forest boundary, and with the proceeds it built a primary school. NR staff member is concerned that this could encourage forest product sales to the detriment of tree cover and sustainable forest management: using for forest product sales to build a school is not seen by NR staff as the responsibility of a CBO in PFM, but a government responsibility.</li> <li>• There is also a theoretical risk that the general assembly of a cooperative could dissolve itself and use the capital to invest in non-forest/ natural resource base projects or as dividends. There is nothing in forest policy which requires local “organized communities” to sustainably manage the forest in perpetuity for future generations, and there is no requirement for “organized communities” to re-invest a certain proportion of income earned in the forest or natural resource base. Rather regulations are presented in terms of protection/ conservation; management and utilization.</li> </ul>
6.4.3	FA/Sahel, GTZ etc	FA staff members are confident of the long term commitment of the FUGs and cooperatives to forest protection and consider the above risks to be very low and/ or non-existent in practice.
6.4.4	Non-members	No information
<b>6.5</b>	<b>Are there differences between objectives of current status and the interests of</b>	
6.5.1	Members	No information
6.5.2	Non-members	

<b>7</b>	<b>KEY ISSUES FOR THE CBO</b>	
<b>7.1</b>	<b>Identification and description of key issues as identified by</b>	
7.1.1	Members	See 3.6.1
7.1.2	Zone/ woreda staff	NR – see 5.3.3. NR – see 6.1.3
7.1.3	FA/Sahel, GTZ etc	• FA staff are working to a project timeframe – this funding

<sup>62</sup> But this does mean that some resident households could be excluded on the basis of carrying capacity – see Annex x.3: 3.6.1 and 6.4.1

		end in 2006 – and believe a longer time-frame is needed to support the development of effective CBOs in PFM. <ul style="list-style-type: none"> <li>• Need to add value of felled trees by preparing for sale as timber/ lumber.</li> </ul>
7.1.4	Non-members	No information.
<b>7.2</b>	<b>Is it realistic to expect the zone/ woreda to give cooperatives in PFM all the development support they need – views of</b>	
7.2.1	Members	No information
7.2.2	Zone/ woreda staff	Zone cooperative department <ul style="list-style-type: none"> <li>• Yes, in the longer term. But better to start with two cooperative (cooperatives in PFM are new) and promote additional cooperatives in stage.</li> </ul> Woreda cooperative office <ul style="list-style-type: none"> <li>• Yes. At present 11 cooperative staff in Dendii provide support to a total of 37 cooperatives, average of 3.4 cooperatives/ member of staff: The 37 are composed of 28 service cooperatives; 5 savings and credit cooperatives; 2 sand excavation cooperatives and the 2 PFM cooperatives.</li> <li>• But the issue is transport. Cooperative staff members are dependent on motorbikes: there is no dedicated cooperative vehicle.</li> </ul>
7.2.3	FA/Sahel, GTZ etc	<ul style="list-style-type: none"> <li>• Only two CBOs are registered as cooperatives.</li> <li>• The other ten FUGs are interested in becoming cooperatives, but not all of these have the economic potential to generate income in the short-term. (See Annex x).</li> <li>• A task force was established composed of two zone officials, four woreda officials and one Farm Africa staff member to look into the ‘restructuring’ of FUGs into fewer cooperatives. Before consultations were held with the FUGs the task force recommended that 10 FUGs be restructured into five cooperatives: if this had happened only one FUG would have remained on its own as a cooperative, the rest would have been grouped. But most FUGs wanted to be ‘promoted’ to the level of cooperative without including other FUGs. Notwithstanding the task force recommended proceeding with six cooperatives. Later it was accepted that Galeesa should remain in its own. Therefore according to the task force there will be a total of seven cooperatives, when there were originally 12 FUGs. The rationale for this recommendation/ directive is that some of the FUGs are ‘poor’ and need to form a cooperative with commercially more viable FUGs.</li> </ul>
7.2.4	Non-members	No information
<b>7.3</b>	<b>If not, what are the options?</b>	
7.3.1	Members	N/A
7.3.2	Zone/ woreda staff	Increase in woreda cooperative office staff
7.3.3	FA/Sahel, GTZ etc	Part of the purpose of this review.

<b>8</b>	<b>OTHER ISSUES</b>
	.Want potable water supply available locally.

**ANNEX 4.4:**  
**PFMP: MESALMIYA FORESTRY DEVELOPMENT AND CONSERVATION**  
**ASSOCIATION**

<b>1 LOCATION</b>		
<b>1.1</b>	<b>Name of CBO</b>	<b>Mesalmiya Forestry Development and Conservation Association</b>
<b>1.2</b>	<b>Forest</b>	<b>Chilimo</b>
<b>1.3</b>	<b>Woreda and Kebele</b>	Dendii Woreda, Gare Arera Kebele.
<b>1.4 Names of interviewee/s and position</b>		
1.4.1	<b>FUG members:</b> Ararsa Gufa (Chairman) Gezahan Tasaw (Secretary) Milkecesa Tofa (Vice Chairman) Worgitu Kaboda (Executive Committee Member) Plus three women and eight men.	Date: 24 <sup>th</sup> June 2005
1.4.2	<b>Farm Africa staff:</b> Olani Edess (Team Leader) Efrem Lemu (Community Development)	Date: 22 <sup>nd</sup> – 25 <sup>th</sup> June 2005
1.4.3	<b>Zone Department of Cooperative Promotion:</b> Terefe Yadeta (Registrar) Kasaye Kakeba (Cooperatives Promoter) Tamrat Biri (Cooperatives Promoter)	Date: 22 <sup>nd</sup> and 24 <sup>th</sup> June 2005
1.4.4	<b>Zone Department of Agriculture and Natural Resources:</b> Tadesse Guta (Head of Agriculture and Natural Resources) Berhanu Edetti (NR Team Leader) Kassu Abebe (Expert)	Date: 22 <sup>nd</sup> and 24 <sup>th</sup> June 2005
1.4.5	<b>Zone/ woreda Office of Cooperative Promotion:</b> Tamine Taye (Expert)	Date: 23 <sup>rd</sup> June 2005
1.4.6	<b>Zone/ woreda Office of Agriculture and Natural Resources:</b> Hailu Gessesse (Team Leader, NR and Conservation)	Date: 23 <sup>rd</sup> June 2005

<b>2 ESTABLISHMENT DETAILS</b>		
<b>2.1</b>	<b>Formed at initiative of</b>	Community
<b>2.2</b>	<b>Date FUG established</b>	January 2004
<b>2.3</b>	<b>As cooperative, user group etc</b>	FUG

<b>3 MEMBERSHIP DETAILS</b>		
<b>3.1</b>	<b>Total number members</b>	110
<b>3.2</b>	<b>Number male members</b>	80
<b>3.3</b>	<b>Number female members</b>	30
<b>3.4</b>	<b>Members as a % of HH</b>	100%
<b>3.5</b>	<b>Who are not members (e.g. wives, social group, geographical location etc)</b>	N/A – every HH included in the FUG.

<b>4 ECONOMIC DETAILS</b>		
<b>4.1</b>	<b>Share capital</b>	
4.1.1	Total number of shares	N/A
4.1.2	Share capital	N/A
4.1.3	Number of members who have paid share capital	N/A

4.1.4	Total number of shares sold	N/A
4.1.5	Total amount of share capital raised	N/A
<b>4.2</b>	<b>Registration fee</b>	N/A
<b>4.3</b>	<b>Other capital raised: 2004/5 estimates</b>	ETB 41,500 from sale of 8.5 ha of eucalyptus ETB 14,250 grant from Farm Africa ETB 2,232 members' savings
<b>4.4</b>	<b>Description of activities (marketing, credit etc)</b>	Forest management, including planting and controlled utilisation. Members provide labour: there are no paid staff. <ul style="list-style-type: none"> <li>• Seedling nursery activities (watering as a daily onerous task may be paid for).</li> <li>• Planting seedlings.</li> <li>• Tree husbandry.</li> <li>• Guarding (three blocks with two men every day/ night: more when there is good moon) to prevent illegal off take..</li> </ul> Alternative livelihood activities (supported by PFMP and Zone/ woreda): <ul style="list-style-type: none"> <li>• Chicken production – with improved breeds (day old chicks provided by PMP and training provided in husbandry).</li> <li>• Vegetable production – potatoes</li> <li>• Beekeeping.</li> </ul>
<b>4.5</b>	<b>No. financial business transactions since established</b>	One – sale of trees for lumber.
<b>4.6</b>	<b>Annual net income</b>	N/A
<b>4.7</b>	<b>Views about impact of activities, their financial viability and sustainability: prospects, under what conditions, with what developmental support?</b>	
4.7.1	Members	<ul style="list-style-type: none"> <li>• Only three juniper trees were illegally felled this year – protection is working.</li> </ul>
4.7.2	Zone/ woreda staff	High potential – plantation and natural forest.
4.7.3	FA./Sahel, GTZ etc	Has 133.76 ha of eucalyptus plantation.
4.7.4	Non-members	No information

<b>5</b>	<b>RELEVANCE/ EFFECTIVENESS OF FUG STATUS</b>	
<b>5.1</b>	<b>Reasons for this status as a FUG</b>	
5.1.1	Members	<ul style="list-style-type: none"> <li>• “Our awareness was raised by Farm Africa and NR – now we understand the cost/ loss of forest through degradation. Before we were victims, but not now. We were also suspicious of the government – that we might be providing (free) labour for the benefit of the state. But now we know we can get an income – and have already sold ETB 41.500 worth of eucalyptus. We agreed to organize as a FUG to protect the forest; re-plant and control grazing. We now have byelaws and NR is there is control us.</li> <li>• “During drought the cattle survived because of the forest – therefore we know what risks there are if the forest is lost”.</li> </ul>
5.1.2	Zone/ woreda staff	<ul style="list-style-type: none"> <li>• FUG is a precursor stage to cooperative.</li> </ul>
5.1.3	FA/Sahel, GTZ etc	
5.1.4	Non-members	N/A
<b>5.2</b>	<b>Who decided?</b>	Community
<b>5.3</b>	<b>Advantages/ strengths</b>	
5.3.1	Members	FUG agreement, which provides only the community with user rights. But want to strengthen their position by becoming a cooperative.
5.3.2	Zone/ woreda staff	
5.3.3	FA/Sahel, GTZ etc	
5.3.4	Non-members	N/A

<b>5.4</b>	<b>Disadvantages/ weaknesses</b>	
5.4.1	Members	<ul style="list-style-type: none"> <li>As a FUG the CBO is not entitled to the same privileges as cooperatives – government services (loans, audits) and the right to have a savings and credit facility.</li> <li>As a FUG “it was not legal for us to sell the 8.5 ha of plantation and this money is now sitting in a bank account”. When we went to the woreda to ask for help they refused to provide us with services because we were not a cooperative. We only had a forestry plan, and not a full business plan.</li> </ul>
5.4.2	Zone/ woreda staff	<ul style="list-style-type: none"> <li>As a FUG the CBO is not entitled to the same privileges as cooperatives – government services (loans, audits) and the right to have a savings and credit facility.</li> </ul>
5.4.3	FA/Sahel, GTZ etc	
5.4.4	Non-members	N/ A
<b>5.5</b>	<b>Are there differences between objectives of current status and the interests of</b>	
5.5.1	Members	Town’s people are excluded from the forest.
5.5.2	Non-members	

<b>6</b>	<b>RELEVANCE/ EFFECTIVENESS OF COOPERATIVE</b>	
<b>6.1</b>	<b>Reasons</b>	
6.1.1	Members	<ul style="list-style-type: none"> <li>See 5.4.1.</li> <li>“To take responsibility and to get recognition and services it is better to be a cooperative. We were not recognised by the government as a FUG, only by NR. NR control was fine, but we need the services, which we can get as a cooperative and to able to do business/ earn money. We did not feel secure as a FUG.”</li> <li>Union idea was fine – so long as it did not interfere with their capital – they don’t want it to disappear into the union. But “we are prepared to help communities with nothing”.</li> </ul>
6.1.2	Zone/ woreda staff	<p>Cooperatives</p> <ul style="list-style-type: none"> <li>For government services – training/ advisory support and audits (audit service provided by the zone).</li> <li>To generate income from the forest.</li> <li>To have a savings and credit scheme</li> </ul> <p>Natural resources</p> <ul style="list-style-type: none"> <li>As above</li> </ul>
6.1.3	FA/Sahel, GTZ etc	As above plus FA staff emphasize the importance of the empowerment aspect of having cooperative status.
6.1.4	Non-members	N/A
<b>6.2</b>	<b>Who decided?</b>	Community
<b>6.3</b>	<b>Advantages/ strengths</b>	
6.3.1	Members	See 5.1.2 Forest provides capital for potential future activities; provides collateral against a loan and support the saving and credit fund.
6.3.2	Zone/ woreda staff	
6.3.3	FA/Sahel, GTZ etc	
6.3.4	Non-members	No information.
<b>6.4</b>	<b>Disadvantages/ weaknesses</b>	
6.4.1	Members	<ul style="list-style-type: none"> <li>The FUG does not want to be grouped with other FUGs/ cooperatives to form a cooperative: it wants to be a cooperative on its own,</li> <li>“Cooperative office told us that we could not have two service/ multi purpose cooperative in one kebele: there is already a PFM cooperative in this kebele – Chilimo”.<sup>63</sup></li> </ul>
6.4.2	Zone/ woreda staff	<p>ORLNRAA staff:</p> <ul style="list-style-type: none"> <li>FUG agreements with NR require the maintenance/ expansion of tree</li> </ul>

<sup>63</sup> Woreda cooperative staff were not available to follow this point up.

		<p>cover. The boundaries of the FUG's area have been worked out to accommodate x number of forest dwellers/ users and not to exceed the carrying capacity of that demarcated area. FUG agreements are still technically in force when a FUG becomes a cooperative.</p> <ul style="list-style-type: none"> <li>• Cooperatives are obliged under the proclamation to accept members, but the byelaws of Chilimo (and Galessa) cooperative limit membership to those residing in the operational area of the cooperative. Presumably this is the demarcated –FUG agreement area – but the cooperative byelaws do not clearly state this.<sup>64</sup></li> <li>• There could be a tension between the economic interests and the conservation/ sustainable forest management interests of the cooperative. Forest policy does not specifically require the ‘organized community’ to maintain tree cover, but grants the right “to use forest products sustainably” and requires that the community “protect the forest from human encroachment”. In theory therefore a cooperative could fell a large area of forest, reducing tree cover substantially for many years. In practice in Chilimo this is unlikely to happen as most CBOs have a mixture of plantation and natural forest at different stages of growth. But this possibility is a concern of some NR staff at least.</li> <li>• Something of a precedent has been set in that Galessa cooperative sold some forest albeit outside the state forest boundary, and with the proceeds it built a primary school. NR staff member is concerned that this could encourage forest product sales to the detriment of tree cover and sustainable forest management: using for forest product sales to build a school is not seen by NR staff as the responsibility of a CBO in PFM, but a government responsibility.</li> </ul>
6.4.3	FA/Sahel, GTZ etc	FA staff members are confident of the long term commitment of the FUGs and cooperatives to forest protection and consider the above risks to be very low and/ or non-existent in practice.
6.4.4	Non-members	No information
<b>6.5</b>	<b>Are there differences between objectives of current status and the interests of</b>	
6.5.1	Members	No information
6.5.2	Non-members	

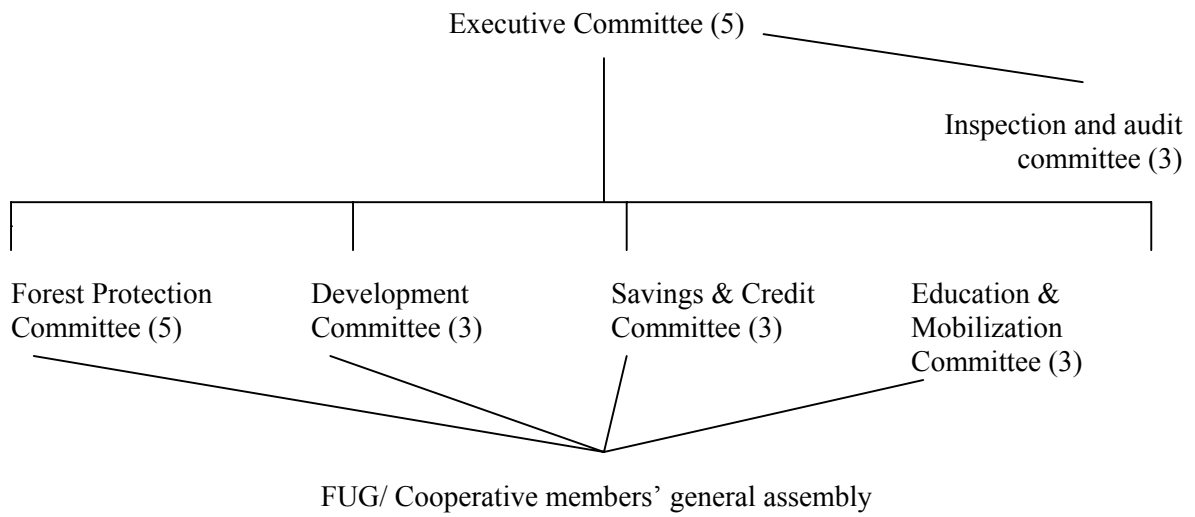
<b>7</b>	<b>KEY ISSUES FOR THE CBO</b>	
<b>7.1</b>	<b>Identification and description of key issues as identified by</b>	
7.1.1	Members	
7.1.2	Zone/ woreda staff	
7.1.3	FA/Sahel, GTZ etc	<ul style="list-style-type: none"> <li>• FA staff are working to a project timeframe – this funding end in 2006 – and believe a longer time-frame is needed to support the development of effective CBOs in PFM.</li> <li>• Need to add value of felled trees by preparing for sale as timber/ lumber.</li> </ul>
7.1.4	Non-members	No information.
<b>7.2</b>	<b>Is it realistic to expect the zone/ woreda to give cooperatives in PFM all the development support they need – views of</b>	
7.2.1	Members	No information
7.2.2	Zone/ woreda staff	<p>Zone cooperative department</p> <ul style="list-style-type: none"> <li>• Yes, in the longer term. But better to start with two cooperative (cooperatives in PFM are new) and promote additional cooperatives in stage.</li> </ul>

<sup>64</sup> But this does mean that some resident households could be excluded on the basis of carrying capacity – see Annex x.3: 3.6.1 and 6.4.1

		<p>Woreda cooperative office</p> <ul style="list-style-type: none"> <li>• Yes. At present 11 cooperative staff in Dendii provide support to a total of 37 cooperatives, average of 3.4 cooperatives/ member of staff: The 37 are composed of 28 service cooperatives; 5 savings and credit cooperatives; 2 sand excavation cooperatives and the 2 PFM cooperatives.</li> <li>• But the issue is transport. Cooperative staff members are dependent on motorbikes: there is no dedicated cooperative vehicle.</li> </ul>
7.2.3	FA/Sahel, GTZ etc	<ul style="list-style-type: none"> <li>• Only two CBOs are registered as cooperatives.</li> <li>• The other ten FUGs are interested in becoming cooperatives, but not all of these have the economic potential to generate income in the short-term. (See Annex x).</li> <li>• A task force was established composed of two zone officials, four woreda officials and one Farm Africa staff member to look into the ‘restructuring’ of FUGs into fewer cooperatives. Before consultations were held with the FUGs the task force recommended that 10 FUGs be restructured into five cooperatives: if this had happened only one FUG would have remained on its own as a cooperative, the rest would have been grouped. But most FUGs wanted to be ‘promoted’ to the level of cooperative without including other FUGs. Notwithstanding the task force recommended proceeding with six cooperatives. Later it was accepted that Galeesa should remain in its own. Therefore according to the task force there will be a total of seven cooperatives, when there were originally 12 FUGs. The rationale for this recommendation/ directive is that some of the FUGs are ‘poor’ and need to form a cooperative with commercially more viable FUGs.</li> </ul>
7.2.4	Non-members	No information
<b>7.3</b>	<b>If not, what are the options?</b>	
7.3.1	Members	N/A
7.3.2	Zone/ woreda staff	Increase in woreda cooperative office staff
7.3.3	FA/Sahel, GTZ etc	Part of the purpose of this review.

<b>8</b>	<b>OTHER ISSUES</b>

**ANNEX: 5**  
**PFMP: STRUCTURE APPLIED FOR COMMUNITY PARTICIPATION/MOBILIZATION**  
**IN PFM**



## ANNEX 6:

## IFMP WAJIB BLOCK SIZE AND NUMBER OF HOMESTEADS

Wajib Block		Area of Block			Members		
Bura Adele Kebele		Highland forest	Erica	Total	Male	Female	Total
	Miirree	407	176	583	25	5	30
	Hoobanchii	389		389	20	10	30
	Xosegee	493		493	27	3	30
	Dheibissa	302		302	21	4	25
	Dheibissa- Allayyoo	248		248	20	0	20
	Xuqqaa-Caaraa	355		355	20	9	29
	Jaladoo	363		363	15	5	20
	Qorantaa	201		201	14	2	16
	Dallumnee	239	312	551	13	5	18
	Angaaffoo	254	334	588	14	4	18
	Soorbu'aa	380	260	640	22	8	30
	Daachoosaa	370	258	628	16	13	29
	Baakkicha	330		330	20	6	26
	Goda-Garaaa	334	266	600	18	7	25
	Wanxashaa	641	54	695	24	6	30
	Xuuqqaa-Shifaa	398		389	26	4	30
	Kemboo	342		342	23	4	27
	Mararoo-Urgoo	309		309	18	7	25
	Qoree-Gooroo				23	7	30
	Jiddoolaa	448		448	25	3	28
	Kaaro	238		238	6	12	18
	Soorxoxaao	508		508	23	7	30
Total		7540	1660	9200	433	131	564
<b>Barissa Kebele</b>							
	Sokoro			608	22	8	30
	Bulchana			413	16	0	16
	Sulala			397	20	7	27
	Ali			382	25	5	30
	Mudhi			366	25	2	27
	Gede			489	23	5	28
Total				2655	131	27	158
<b>Danaba Kebele</b>							
	Anonu-Lobe			294	19	5	24
	Artu-Fixe			361	22	8	30
	Birbisa-Guxa			370	28	2	30
	Bulchana-Hubo			380	20	10	30
	Cangity			554	15	3	18
	Edo-Sibilo			372	24	6	30
	Edi-Wite			414	20	10	30
	Faraqasaa			377	24	6	30
	Lobe-Gutu			363	26	4	30
	Shushi-Shifa			313	21	5	26
	Tarura			325	19	6	25
Total				4123	238	65	303

<b>Wajib Block</b>		<b>Area of Block</b>			<b>Members</b>		
<b>Bubisa Kebele</b>		<b>Highland forest</b>	<b>Erica</b>	<b>Total</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
	Tutichaa			1813			47
	Wixexanaa-Hadee			1406			65
	Wixexanaa-Hojee			488			42
	Gaaxe			728			45
	Gondeee			419			48
	Soorbaddaa			454			51
	Haarawaa			371			44
	Xa'aa			385			44
	Uutamoo-Kretaa			378			56
	Caangitti			351			34
<b>Total</b>				<b>6794</b>			<b>476</b>
<b>Ejersa Kebele</b>							
	Haarawaa-Kaaroo			268			20
	Buurrituu-Karoo			239			27
	Haarawaa-Haaroo			271			35
	Soorbaddaa-Dayuu			283			21
	Waageeddaa-Ushee			276			19
	Quusaa-Guiuraandaa			355			36
	Quusaa-Waaggeedaa			194			24
<b>Total</b>				<b>1886</b>			<b>182</b>

**ANNEX 7**  
**IFMP: CURRENT STATUS OF COOPERATIVES**

<b>Number</b>	<b>Cooperative</b>	<b>Members (HHs)</b>	<b>Reg. Fee</b>	<b>Share Capital (ETB)</b>	<b>Total Share capital (ETB)</b>	<b>Estimated income for 2005 (from renting out grazing, honey and fattening)</b>
13.	Adele	293	5	25	7325	25,474
14.	Barissa	162	5	25	6480	53,197
15.	Bura	245	5	25	6125	81,996
16.	Danaba	266	5	25	6650	89,695

**Percentage of cooperative members as % of wajib members:**

<b>Cooperative</b>	<b>No, Member HHs</b>	<b>As % of wajib member HHs</b>	<b>Male Members</b>	<b>Female Members</b>
Adele	293	93.6	216	77
Barissa	162	100	134	28
Bura	245	97	200	45
Danaba	266	88	210	56
<b>Totals</b>	966	94.65	760	206

**ANNEX 8: WESTERN SHEWA ZONE, NUMBERS AND TYPES OF COOPERATIVES BY WOREDA**

Woreda	Service	Savings and credit		Other	Total	Staff posts
		Rural	Urban			
						<b>A = 19</b> <b>B = 17</b> <b>C = 15</b>
Adaberga	5	5	2	0	12	B
Ajere	16	1	0	1 mining 1 milk	19	B
Ambo	18	5	18	1 mining 1 irrigation	24	A
Bako	12	0	2	0	14	B
Chalia	16	1	0	1 handicraft	18	B
Danoo	8	2	0	0	10	C
Dendii	28	5 in total		2 sand excavation 2 forest (PFM)	37	A
Geldu	9	1	1	1 mining 1 fattening 1 consumers	14	B
Gindaberit	3	0	0	0	3	C
Medakenin	1	0	0	0	1	C
Metarobi	11	2	0	2 handicraft	15	C
Nono	25	0	0	0	25	C
Tikur Inchini	3	2	0	0	5	C
Walmara	12	2	0	6 mining 1 forest 1 milk	28	A

**ANNEX 9:  
ORGANIZATIONS AND PEOPLE MET**

<b>Thursday 16<sup>th</sup> June</b>	<ul style="list-style-type: none"> <li>Meeting with Ben Irwin (PFM Adviser) and Zelalem Temsgen (PFM Programme Manager)</li> </ul>
<b>Friday 17<sup>th</sup> June</b>	<ul style="list-style-type: none"> <li>Telephone calls and emails to ascertain if a review of CBO legislation has been undertaken elsewhere.</li> <li>Reading and drafting a PFM CBO Profile Proforma.</li> </ul>
<b>Monday 20<sup>th</sup> June</b>	<ul style="list-style-type: none"> <li>Oromia Bureau of Cooperative Promotion: with Zelalem Temesgem and Tsegaye Tadesse (Policy Adviser, GTZ) met with Habtamu Dadi (Commissioner), Belete Wakbeka (Deputy Commissioner) and Mitiku Degefe (Head of Cooperative Promotion Department)/</li> <li>Met with Takele Kassa, Programme Engineer, WaterAid.</li> <li>Reading documentation, and writing.</li> </ul>
<b>Tuesday 21<sup>st</sup> June</b>	<ul style="list-style-type: none"> <li>With Zelalem Temesgem met with Tsegaye Tadesse (GTZ)</li> <li>Met with Daniel Bekele (Policy Adviser, ActionAid)</li> <li>Met with Feyera Abdi (Director, SoS Sahel).</li> <li>Reading documentation, and writing.</li> </ul>
<b>Wednesday 22<sup>nd</sup> June</b>	<p>Travelled to Ghinchi, stayed at Ababach Mataferia hotel in Ambo. Met with:</p> <ul style="list-style-type: none"> <li>FA staff Olani Edess, Team Leader and Efreem Lemu (Community Development).</li> <li>At the zone met with Cooperative Promotion staff Terefe Yadete – Registrar of Cooperatives, Kasaye Kakebe and Tamrat Biri – Cooperative Promoters.</li> <li>At zone met with Tadesse Guta – Head of Agriculture and NR, Berhanu Edetti, NR Team Leader and Kassu Abebe, Expert.</li> </ul>
<b>Thursday 23<sup>rd</sup> June</b>	<p>Met with Chilimo Forest Development and Protection Cooperative members:</p> <ul style="list-style-type: none"> <li>Tesema Jobira (Chairman); Bekele Merga (Vice Chairman); Abera Tafsewa (Secretary); Chalisisa Ararai (Cashier); Worktu Bekele (Member) and nine male members and two female members.</li> </ul> <p>Meetings with Dendii woreda staff:</p> <ul style="list-style-type: none"> <li>Tamine Taye (Expert, Woreda Office of Cooperative Promotion).</li> <li>Hailu Gessesse (Team Leader, NR and Conservation).</li> </ul> <p>Prepared profile on Chilimo Cooperative.</p>
<b>Friday 24<sup>th</sup> June</b>	<p>Called by zone for additional information:</p> <ul style="list-style-type: none"> <li>Terefe Yadete – Registrar of Cooperatives, Kasaye Kakebe and Tamrat Biri – Cooperative Promoters.</li> <li>Berhanu Edetti, NR Team Leader.</li> </ul> <p>Met with Dano Senyota Forestry Development and Conservation Association members:</p> <ul style="list-style-type: none"> <li>Ibsa Ida'ce (Secretary)</li> <li>Girma Bekele (Chair of Forest Protection Committee)</li> <li>Makonin Tafara (Cashier)</li> <li>Nigatu Aradda (Chair of Awareness Raising Committee)</li> <li>Tesfaye Bulu (Development Committee member).</li> </ul> <p>Met with Mesalmiya Forestry Development and Conservation Association members:</p> <ul style="list-style-type: none"> <li>Ararsa Gufa (Chairman), Gezahan Tasaw (Secretary), Milkecesa Tofa (Vice Chairman), Worgitu Kaboda (Executive Committee Member), plus three women and eight men.</li> </ul> <p>Prepared profile on Dano Senyota.</p>

<b>Saturday 25<sup>th</sup> June</b>	Met with Galeesa Forest Development and Protection Cooperative members: <ul style="list-style-type: none"> <li>• Tajo Dabalu (Vice Chairman), Hirko Ewana (Executive member), Mangiste Bagala (Controller), Bagana Galama (Member), Bagala Chalchisa (Cashier) and Malise Badhadha (Savings and Credit)</li> </ul> Returned to Addis Ababa. Prepared profile on Mesalamiya and Galeesa
<b>Sunday 26<sup>th</sup> June</b>	<ul style="list-style-type: none"> <li>• Day off</li> </ul>
<b>Monday 27<sup>th</sup> June</b>	<ul style="list-style-type: none"> <li>• Reading and report preparation/ editing CBO profiles</li> </ul>
<b>Tuesday 28<sup>th</sup> June</b>	<ul style="list-style-type: none"> <li>• Report preparation; emailing (people in Botswana, Namibia and Kenya) and internet search and reading.</li> </ul>
<b>Wednesday 29<sup>th</sup> June</b>	FACILITATED OXFAM GB WORKSHOP – NOT INSTITUTIONAL REVIEW OF CBOS CONTRACT
<b>Thursday 30<sup>th</sup> June</b>	
<b>Friday 1<sup>st</sup> July</b>	
<b>Saturday 2<sup>nd</sup> July</b>	
<b>Sunday 3<sup>rd</sup> July</b>	
<b>Monday 4<sup>th</sup> July</b>	Travelled to Dodola with Tsegaye Tadesse and met with: <ul style="list-style-type: none"> <li>• Aklilu Ameha (IFMP Forestry Advisor)</li> <li>• Girma Amente (IFMP Project Coordinator)</li> </ul> Reading and preparation for FDGs/ interviews. Stayed at the IFMP Guest House.
<b>Tuesday 5<sup>th</sup> July</b>	Met with IFMP staff and woreda staff. at Dodola: <ul style="list-style-type: none"> <li>• Aklilu Ameha (IFMP Forestry Advisor)</li> <li>• Tsegaye Tadesse (GTZ Policy Advisor)</li> <li>• Seyoum Genre Kidan (NR Team Leader)</li> <li>• Asrat Mengeshe (SUN Programme Forester)</li> <li>• Anteneh Perto (Head of Woreda Rural Development)</li> <li>• Hailu Turbiski Cooperative Promoter)</li> <li>• Kasa Ambessa (Cooperative Promoter)</li> <li>• Teshome Zerfu (Woreda Head of Cooperative Promotion)</li> </ul> Attended ‘Tree Day’ held by Bura Cooperatives, and attended by representatives of all wajibs in Dodola. Met with a group of 30 men from different wajibs.
<b>Wednesday 6<sup>th</sup> July</b>	Continued yesterday’s meeting with IFMP staff and woreda staff. <ul style="list-style-type: none"> <li>• Aklilu Ameha (IFMP Forestry Advisor)</li> <li>• Tsegaye Tadesse (GTZ Policy Advisor)</li> <li>• Asrat Mengeshe (SUN Programme Forester)</li> <li>• Hailu Turbiski Cooperative Promoter)</li> <li>• Kasa Ambessa (Cooperative Promoter)</li> <li>• Teshome Zerfu (Woreda Head of Cooperative Promotion)</li> </ul> At Adaba with Aklilu Ameha and Tsegaye Tadesse met with: <ul style="list-style-type: none"> <li>• Bedada Dubali (Forestry Expert)</li> <li>• Muhammed Dula (Cooperatives Promoter)</li> <li>• Anbessa Jena (Head of Rural Development)</li> <li>• Zenebe Getachew (Cooperatives Promoter)</li> <li>• Ahmed Said (Head of NR)</li> </ul> At Dodola with Aklilu Ameha and Tsegaye Tadesse met with members of the Tourism Service Providers Association <ul style="list-style-type: none"> <li>• Husen Roba</li> <li>• Husen Deko</li> <li>• Shibir marfa</li> <li>• Ayano Abraham</li> </ul>

	<ul style="list-style-type: none"> <li>• Yusuf Abdulsalem.</li> </ul> Writing and preparation for feedback tomorrow.
<b>Thursday 7<sup>th</sup> July</b>	Feedback and final meeting with: <ul style="list-style-type: none"> <li>• Aklilu Ameha (IFMP Forestry Advisor)</li> <li>• Tsegaye Tadesse (GTZ Policy Advisor)</li> <li>• Teshome Zerfu (Woreda Head of Cooperative Promotion)</li> <li>• Seyoum Genre Kidan (NR Team Leader)</li> <li>• Asrat Mengeshe (SUN Programme Forester)</li> </ul> Travelled back to Addis Ababa.
<b>Friday 8<sup>th</sup> July</b>	Report preparation. <ul style="list-style-type: none"> <li>• Meeting with Ben Irwin.</li> </ul>
<b>Saturday 9<sup>th</sup> July</b>	Report preparation.
<b>Sunday 10<sup>th</sup> July</b>	<ul style="list-style-type: none"> <li>• Day off</li> </ul>
<b>Monday 11<sup>th</sup> July</b>	Meetings with <ul style="list-style-type: none"> <li>• Tsegaye Tadesse (GTZ Policy Advisor)</li> </ul> Report preparation
<b>Tuesday 12<sup>th</sup> July</b>	Meetings with <ul style="list-style-type: none"> <li>• Ben Irwin (PFM Adviser) and Zelalem Temsgen (PFM Programme Manager)</li> <li>• Report preparation</li> </ul>
<b>Wednesday 13<sup>th</sup> July</b>	Meetings with <ul style="list-style-type: none"> <li>• Tsegaye Tadesse (GTZ Policy Advisor)</li> <li>• Report preparation</li> </ul>
<b>Thursday 14<sup>th</sup> July</b>	<ul style="list-style-type: none"> <li>• Presentation seminar.</li> </ul> Finalising Report.

## **ANNEXE 10 INSTITUTIONAL REVIEW OF COMMUNITY BASED ORGANIZATIONS IN PARTICIPATORY FOREST MANAGEMENT**

### **BACKGROUND TO THE STUDY**

The two participatory forest management (PFM) projects, FARM Africa/SOS Sahel (PFMP) and SUN Dodola (GTZ) have been working to establish community level organizations for the purpose of sustainable forest resource management. These groups were initially called forest management groups or forest user groups (for example in Chillimo) and WAJIB's (in Adaba-Dodola). The groups were set up at a sub village level in both project areas. Village administrations are the lowest levels of government structure. In the earlier times, it was assumed that these groups could exist in their own right and would be recognized by the legal systems and frameworks that exist in the country.

However as the forest management groups have been established, it has become apparent that in order to be recognized by the Ethiopian legal systems, in order to have the recognized right as an institution to protect forest resources and take legal action against persons or institutions who abuse the group's management system, or even to open a bank accounts and make necessary correspondences with other bodies, the group must be registered under the existing institutional laws and provisions. Current laws and provisions dictate that any group wishing to interact at the required legal level can apply to register as any of three institutional forms. These forms are; an NGO, a Private Enterprise, or a Cooperative.

Each form of institution has its own particular attributes in relation to its set up and functions. For the purpose of forest conservation by community groups, the most suitable legal institution for a forest management group has been deemed as a "Cooperative".

#### **FARM Africa – SOS Sahel**

The FARM Africa – SOS Sahel Participatory Forest Management Programme (PFMP) has been working to set up community level organizations<sup>65</sup> to take up the responsibility of managing forest resources. These groups were initially called either forest management groups or forest user groups. The groups were set up at village level, or below, at sub village level. The groups were below the kebele and or PA levels, the lowest levels of government structure<sup>66</sup>. It was assumed that these groups could exist in their own right and would be recognized by the legal systems and frameworks that exist in the country.

However as the PFMP has progressed and forest management groups have been established it has become apparent that in order to sign legally binding contract agreements (Forest Management Agreements) with government, in order to be recognized by the Ethiopia legal systems, and in order to have the recognized right, as an institution to protect forest resources and take legal action against persons of institutions who abuse the group's management system. The group must be registered under existing institutional laws and provisions. Current laws and provisions dictate that any group wishing to interact at the required legal level can apply to register as any of three institutional forms. These forms are either; an NGO, a Private enterprise, or a Farmers cooperative.

Each form of institution has its own particular attributes in relation to its set up and function. In the light, the most suitable legal institution for a forest management group has been deemed as Farmers cooperative.

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<sup>65</sup> Many other projects are also involved in this type of work. This study limits itself to the PFMP, but has significance and relevance to a wide audience of on-going development projects

<sup>66</sup> Previous attempts to improve Government based forest management systems by working at, and involving the Kebele and or PA levels failed to bring any significant impact. These levels of government often embroiled in the mechanisms of resource destruction.

## GTZ

Ever since the establishment of the first forest conservation cooperatives, discussion has been going on mainly within the Participatory Forest Management Working Group (PFM-WG). The issue of improving the present cooperative form has been taken as one thematic area by the PFM WG<sup>67</sup>.

The outcome of this study will therefore be helpful for the task force set up for PFM organizations in Ethiopia. The study is funded jointly by FARM Africa/SOS and GTZ.

### CHALLENGES AND ISSUES AROUND THE ESTABLISHMENT AND LONG TERM FUTURE OF COOPERATIVES IN PFM

Setting up of cooperatives is based around collective action on the basis of economic viability. The establishment of cooperatives is being highly promoted by government. Cooperative members are expected to pay a membership fee, buy shares, open offices and appoint a management body that runs the business of the cooperative. Members receive share dividend from cooperative profits. The concerned government body will make annual audits of the cooperative accounts.

On the other hand, forest user groups (FUG's) of WAJIB's are established for the major purpose of forest conservation. In the process of fulfilling the requirements to become a cooperative member, some group members may find it difficult even to pay a membership fee. Acquiring an office space or buying shares could also be difficult. Moreover, the hatred that was inherited from the previous government on cooperatives idea was a great obstacle.

Generally, Cooperatives are built around viable business, based around stable and continuous production of products. For example, grain, meat, milk, honey, coffee etc. The forest management groups were set up for the primary objective of sustainable forest management.

The attempt to bring together the principles and requirements of cooperative formation and the realities on the ground has demanded a lengthy discussion with the communities and the concerned government institution. A great deal of flexibility was demonstrated from the side of the cooperatives promotion bureau and forest conservation cooperatives are now being established in Chillimo and Adaba-Dodola.

So far, in Adaba-Dodola, four forest conservation cooperatives have been established. Each cooperative contains 6 to 12 WAJIB groups. One cooperative that will deal with eco-tourism is in the process of being set up.

The problem is perhaps best explained by a simple analogy. The policy environment is represented by a shoe. The forest user group is represented by a foot.

*The shoe is too small for a foot. The foot does not fit the shoe. Therefore, what do you do? Do you cut the foot to fit the shoe? Or do you look for a different shoe, a shoe that fits the foot?*

The limited scope of the civil society / CBO policy is perceived to be the key problem. Why should a forest management group be forced to become a cooperative in order to be legally recognized? Why can't a group of people who have organized themselves in order to take collective action be recognized as a legal entity?

However, because cooperatives is the only legal way forward, the PFMP and SUN Dodola, have gone ahead with the promotion of Forest conservation cooperatives. Concern about this strategy has surfaced on a number of occasions. Pros and cons of cooperative development have been debated. Even though experiences vary from project to project, the key issues are discussed below:

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<sup>67</sup> The Oromia region PFM-WG is composed of four projects operating on participatory forest management in the region. It is headed by the PFM Unit set up in the Oromia Agriculture and Rural Development Bureau.

- In order to ensure the economic viability of the cooperative, the original forest management group, established as a forest cooperative, is gradually becoming a multi-purpose cooperative. This transformation, although arguably positive in a broad development sense, has caused concern that the group is moving away from its original and key objective of sustainable management of a forest area. There is also concern of the non-workability of the cooperative pathway for forest management groups who manage low value forest areas. How can the proper balance between obtaining incomes and conserving the forest be properly managed by such organizational forms?
- Concerns also exist about the feasibility of 'cooperatives' in general. Government capacity to support cooperatives is directly questioned. In Dodola, the cooperatives promotion office attempted to force the individual WAJIB s in one village into one cooperative (except in one village where there are 22 WAJIB groups), despite community resistance at the beginning. The justification being that it would be able to deal with less number of cooperatives but not many (37 WAJIB groups are organized under 4 cooperatives). This raises key concerns, firstly the limited capacity of the office and secondly, and more fundamentally, the failure to understand and value the community decisions about how they wanted to form their cooperatives. Negotiations were facilitated by the project and the communities were convinced at the time. Concern remains that technical support may be insufficient even for these few cooperatives.
- How can the cooperatives promotion bureau, the regional responsible institution, be supported to issue clear guidelines for ease of establishing cooperatives for the purpose of nature conservation in the future? This will ensure the sustainability of expanding the developed forest conservation approaches in other areas. Moreover, the bureau will come up with ideas of improving the current policies and legislation on cooperative formation in a way that is suitable for setting up conservation based cooperatives.

As indicated above, the cooperatives established in Adaba-Dodola are a collective of 6 to 12 WAJIB groups. This was made to facilitate for the formation of limited number of cooperatives taking in to consideration the capacities of the responsible government institution to provide technical support and follow up. Certain modalities have already been created regarding the relationship of the individual WAJIB groups and the umbrella cooperative as elaborated in the bylaws. It is important to analyze how this is functioning currently and suggest some improvements if needed to ensure the smooth and effective running of the system.

Cooperative set up is based around collective action on the basis of economic viability. The establishment of cooperatives is being heavily promoted by government. Cooperative members pay a membership fee, appoint a management body that runs the business of the cooperative. Members receive share dividend from enterprise profit.

### **Objectives of the study**

- To analyze the current forest conservation cooperatives in Chilimo and Adaba-Dodola and identify strengths and weaknesses
- Make recommendations on necessary improvements especially on finding ways of setting up cooperatives that have forest conservation objectives
- Look for alternative organizational options appropriate for the purpose.

### **TASKS**

#### **Review tasks**

1. Review PFM (FUG and wajib) approaches to the establishment of community-based organizations, drawing out strengths and weaknesses.
2. Review legislation and policies concerning the setting up of CBOs

3. The analysis will include:
  - Analysing the advantages and disadvantages of cooperative organization and registration for effective PFM.
  - Analysing the advantages and disadvantages of forest user group and *wajib* organization for effective PFM
  - An assessment of the implications of the analysis for CBO institutional sustainability and effectiveness in PFM.
4. Link the experience of PFMP by FARM Africa/SOS and GTZ to wider development experience of working with CBOs, and to efforts to strengthen civil society's engagement with government.
5. Provide recommendations for PFMP, SUN Dododa and regional cooperatives promotion bureau on how to proceed with supporting CBOs

#### **Meetings**

6. Meet regularly with Farm Africa, SoS Sahel and GTZ staff in Addis Ababa to share findings and analysis.
7. Visit Chilimo and Adaba-Dodola; meet with CBOs and PFMP and IFMP staff, discuss findings with staff before leaving (and with CBO representatives if possible).
8. Meet with regional and woreda government offices including ORLNRAA, Bureau of Cooperatives, Woreda Office of Agriculture and Rural Development, Woreda Offices of Cooperatives and other key government offices as appropriate.
9. Identify and meet with other organizations working with CBOs.

#### **Reporting**

10. Present for discussion the findings of the review to PFMP, IFMP, government representatives and other key stakeholders.
11. Prepare and submit a draft report for the 18<sup>th</sup> July 2005.

#### **OUTPUT**

A succinct report, including an executive summary, and with supplementary information in annexes.