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Financial viability and income generation for a community forestry cooperative in Brazil
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After over 20 years of investment by donors and governments in community timber production from natural tropical forests, the sustainability of these initiatives is uncertain. Many studies have shown the environmental benefits of community forest management, and examined issues of social participation and benefits distribution. Fewer studies have quantified the contribution of community timber enterprises to livelihoods and some of those have used the results in an evaluation of the success of community-based forest management institutions. However, a very limited number have looked at the financial viability of the enterprises after project support ends or estimated what viability would be with no support. Furthermore, the lack of a consistent methodology for these analyses has limited the comparability of cases across enterprises and time. Replicable and comparable studies of financial viability are critical for informing discussions of the effectiveness and efficiency of community forest enterprises, justifying their further support, and/or improving related policies. We analyzed timber production costs and income for Coomflona, a cooperative in a national forest in the Brazilian Amazon, in 2007, 2011, and 2013, using the Green Value tool for simplified financial analysis, and conducted a detailed case study of the cooperative in 2013. The cooperative has 212 members from local communities (all but a handful of workers are from the communities), and has increased its annual harvest unit size from 100 ha to 1600 ha over the last 10 years. The results provide a detailed look at the incomes generated through temporary wages and permanent salaries and the value of goods and services purchased in the local and regional economies, as well as the viability of the operation (i.e., net income, rate of return) for each year. We draw on the case study results and knowledge of the cooperative to discuss the strategies Coomflona has employed to improve its financial viability over time, maximize income opportunities for local residents, and respond to financial, social, and political challenges, from the time it received the right to manage the forest in 2005 through its recent struggles to maintain forest access. The case of Coomflona provides important lessons learned and references for practitioners, policy makers, and donors. The results also highlight the utility of the Green Value tool as a research instrument for investigation of the financial viability and sustainability of community-based forest enterprises producing timber and non-timber forest products and their direct (wages and salaries) and indirect (purchase of materials and services from local businesses) impacts on livelihoods, which can also be useful for studies on the relative success of community-based forest institutions.