

# Community-based tree and forest enterprise development (CBED)

MARKET ANALYSIS AND DEVELOPMENT



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**MORE THAN ONE BILLION PEOPLE LIVING** in poverty rely heavily on forest products for all or part of their livelihoods. Forests and trees represent a source of food, fuel, fodder, medicines, building material and cash.

**ECONOMIC LIBERALIZATION AND GOVERNMENTAL** decentralization open new markets for forest products and give local communities new opportunities and new responsibilities in the management of their resources. In fact, while growing demand for forest products increases their commercial value, overexploitation and hence the degradation of forest resources can also result. In the long term, this could cause poverty and indebtedness in local communities. Therefore, it is now widely recognized that financial viability of forest-based enterprises needs to be complemented with environmental and social sustainability.

**THROUGH ITS CBED PROGRAMME, FAO PROMOTES** the setting up of small-scale/community-based tree and forest product enterprises. The programme's aim is to enhance the capacity of local communities so that they can benefit from new market opportunities through improved cash income while at the same time having greater incentive to better manage and protect their resource base.

**COMMUNITY-BASED TREE AND FOREST** product enterprises are supported with the help of participatory methodologies such as the Market Analysis and Development (MA&D) approach; they operate within the framework of participatory forestry mechanisms that enable those people who have a direct stake in forest resources to be part of decision-making in all aspects of sustainable forest management, including the development of viable tree and forest enterprise development.

## What is the Market Analysis and Development (MA&D) methodology?

**THE GOAL OF MA&D IS TO ASSIST** people in developing income-generating enterprises while sustainably managing their resources.

MA&D is a process that systematically considers social and environmental concerns while also taking account of technological, commercial and financial aspects of small enterprise development.

It continuously involves local people throughout the process, from identification and planning of forest enterprises to the sustainable management of local environments.

MA&D's underlying principles are:

**SUSTAINABILITY:** refers to sustained economic benefits and improved livelihoods – without negative social and environmental impacts – and the capacity for entrepreneurs to react to changing markets.

**PARTICIPATION:** refers, first of all, to the future entrepreneurs because they are the main actors when it comes to identifying and implementing their enterprises. The facilitator's role is to assist and guide the target group.

**CAPACITY BUILDING:** refers to strengthening the capacities of the different stakeholders (OG, NGOs, the private sector). Doing so provides the support that local people need for setting up viable enterprises and for adapting training materials to specific country conditions, curricula development, etc.

**STRATEGIC ALLIANCES:** refers to all potential alliances throughout the product/value chain, linked to marketing, enterprise and forest management, and associated with technology or even policy issues.

MA&D consists in a preliminary planning phase followed by three successive implementing phases:

**ASSESSMENT OF THE EXISTING SITUATION**  
phase one Understand issues and problems, define opportunities and shortlist products.

**IDENTIFICATION OF PRODUCTS, MARKETS AND MEANS OF MARKETING**  
phase two Decide on the best products and gather information for their further development.

**PLAN ENTERPRISE STRATEGIES AND PREPARE BUSINESS PLANS FOR SUSTAINABLE DEVELOPMENT**  
phase three Formulate enterprise development plans and prepare them for implementation through a pilot phase.



# Who benefits?

## ENTREPRENEURS

Local entrepreneurs are people who generate income by running businesses based on local resources. They can be producers, manufacturers and/or traders. MA&D enables them to plan and develop equitable, ecologically sustainable, socially acceptable and financially viable enterprises.

## FACILITATORS, PLANNERS AND FIELD STAFF

A facilitator enables people to do something more easily, giving advice rather than telling what to do. MA&D provides facilitators with the necessary tools to investigate social, physical resources and market environment, and to integrate them into their work with local people. It also provides planners and field staff with the necessary sensitivity to serve local communities and to avoid failure.

## GOVERNMENT AGENCIES AND DEVELOPMENT ORGANIZATIONS

MA&D is a cost-effective process that assists government agencies and development organizations in developing viable enterprises. It reduces the risk of time and funds being spent on unsuccessful enterprise development.



MA&D is a framework that can be personalized in different contexts and used for different purposes and/or products as exemplified by the following case studies.

## Colombia

### Sustainable Enterprise Development to Commercialize Biodiversity Products

Faced with declining coffee prices and environmental degradation, Colombia is tapping into biodiversity to identify alternative products and to promote sustainable community-based enterprises. In 2002, a partnership was established between the FAO Forestry Policy and Institutions Service (FONP) and the Alexander von Humboldt Research Institute, in Colombia, to integrate the MA&D approach into the Biocommerce Programme of the Institute.

The objective of the Biocommerce Programme is developing and implementing instruments that would support the production and commercialization of biodiversity products without degrading the

resources. Three pilot sites in different departments of Colombia were selected to test the MA&D approach. The project began in 2002 and ended in 2004.

In **Quindio**, the National Park of los Nevados hosts many different species in danger of extinction. Sustainable management of those resources is therefore essential. The target group living in the buffer zone of the park was composed of farmers who suffered from decreasing coffee prices. Thanks to the MA&D process, they were able to select five species of Heliconiae flower plants and three species of decorative leafy plants to prepare business plans to develop enterprises based on these products and to identify strategic alliances for getting financial and technical support.

In **Guajira**, three indigenous communities who were involved in capturing protected marine turtles selected, instead, to cultivate sea algae as an alternative income to the illegal practice. The MA&D process enabled them to assess their existing situation, establish cooperation, elaborate a business plan and support the organizational set up of their enterprises.

In **Santander**, aromatic plants and natural dyes were selected as viable products for enterprise development. Natural dyes are now being used to dye sheep wool for quality garments and clothes aimed at the national market. The project stressed women's role in the society and stimulated the sustainable exploitation of natural resources. A business agreement with a private company is providing technical advice.



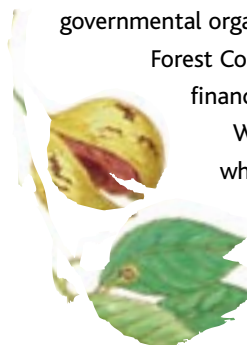
## Uganda

### Community-Based Enterprises for the Conservation of Biodiversity at Bwindi World Heritage Site

Bwindi Impenetrable Park in Southwest Uganda has one of the richest habitats of trees, birds, butterflies and mammals, including chimpanzees; it is home to more than half of the world's remaining mountain gorillas. Traditionally, the local communities of Bakiga and Batwa (commonly known as Pygmies) had lived off forest resources, such as weaving material, medicinal herbs, wild meat, honey, building poles, minerals and timber.

The establishment of the park in 1991 left the densely populated districts (about 240,000 people) that border Bwindi with insufficient natural resources and created a conflicting situation. In 2001, FAO, with the financial support of the United Nations Foundation (UNF), launched a Community-Based Commercial Enterprise Development project that aimed to provide alternative resources to these communities while safeguarding the biodiversity and forest resources. The project was implemented from 2001 to 2004 in three pilot sites by a national non-governmental organization, the Mgahinga and Bwindi Impenetrable Forest Conservation Trust (MBIFCT), with technical and financial support from FAO.

With the support of project staff and facilitators who were trained in the MA&D approach, interested community members were involved from the outset in information gathering and analysis, planning and organizing their enterprises,



and building strategic alliances. Special attention was paid to women and to include the Batwa community into the decision-making process. Enterprises based on cultivated mushrooms, beekeeping, handicrafts, Irish potatoes and community-based tourism (village walk) were established, and cash income significantly improved for these enterprise groups without degrading the resource base.



### Village Tree Enterprise Development based on Non-Wood Forest Products

In 2005, the Forestry Departments of Burkina Faso and Mali, FAO and the NGO Tree Aid started a pilot project in Burkina Faso and Mali that aimed to promote micro and small forest enterprises so as to enhance rural people's living standards while protecting natural resources.

Non-wood forest products were chosen because they have been used by people for centuries, are competitive and already have a market. They also represent a source of income for women who are responsible for their harvest. FAO, in alliance with Tree Aid, carried out a set of workshops with the national project team, regional supervisors and local facilitators from Burkina Faso and Mali so that they could learn and implement the different phases of MA&D methodology.

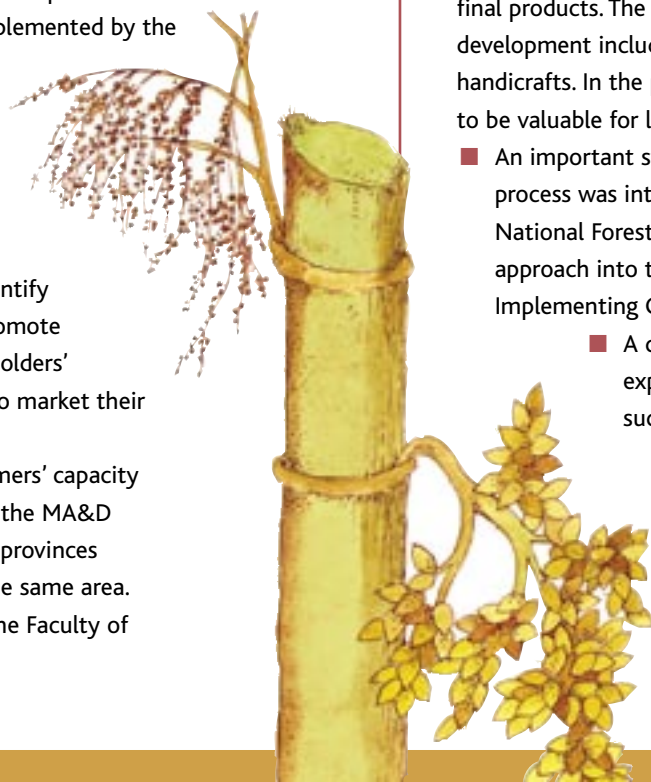
The mobilization of people in favor of MA&D is great: community groups selected a list of viable non-wood forest products for setting up their enterprises, improved their technical capacity and are creating partnerships. The project will continue, at least, until the end of 2006.

### Non-Wood Forest Products Marketing System Development Project

The Non-Wood Forest Products Marketing System Development Project, initiated in 2004, is supported by FAO in partnership with the Netherlands Development Organization (SNV) and implemented by the Forest Research Center, the National Agriculture Forest Research Institute and the Ministry of Agriculture and Forestry.

The project's objective is to establish a model for developing marketing systems for priority NWFPs through the Market Analysis & Development (MA&D) approach. Its aim is to enable local communities to identify potential products and develop markets that would promote income generation. The MA&D also strengthens stakeholders' capacity to manage NWFP resources sustainably and to market their products.

One part of the project is dedicated to building farmers' capacity so that they can set up viable NWFP enterprises using the MA&D approach. The project has involved six villages in three provinces and is collaborating with other projects operating in the same area. Additionally, a partnership has been established with the Faculty of Forestry to support the field activities.



Furthermore, regional workshops on the NWFP Market Information System (MIS) were carried out in 2005. It involved a great number of organizations and represented a good opportunity to understand how a useful MIS can be developed. A national MIS taskforce, involving all important stakeholders, has been established.

Finally, the project is supporting an NWFP policy review, which will contribute its final recommendations regarding a model of an NWFP marketing system. The project is expected to be finalized in August 2006.



### Capacity Building in Community-based Forest Enterprise Development

The formerly dense forests of The Gambia have been degrading since the last century due to large-scale destruction by bushfires and from overexploiting forest resources.

In the 1990s, the government of The Gambia reacted and started to develop participatory forestry management approaches. At the end of 2000, The Gambia Forestry Department identified the MA&D approach in line with its Community Forestry approach. As a result, the MA&D methodology was introduced in three territorial divisions. This became the basis of the Technical Cooperation Programme project signed in 2002 between the Gambia Forestry Department and FAO. The project's main objective was to train Forestry Department staff in MA&D methodology in order to help community members identify and develop small enterprises based on forest products.

Major achievements of the project included:

- National trainers (a national NGO), national forestry staff and forestry field facilitators were trained in MA&D;
- Trainers, forestry staff and facilitators organized workshops and helped communities to collect missing information and to select the final products. The main products and services chosen for enterprise development included honey, timber/logs, firewood, ecotourism and handicrafts. In the past, some of these products were not considered to be valuable for local and national markets.
- An important step in the institutionalization of the MA&D process was integrating the MA&D training module into the National Forestry School curriculum and including the MA&D approach into the Forestry Department's Community Forestry Implementing Guidelines.
- A case study was prepared in order to share the experiences achieved in a national policy framework such as that of The Gambia.

Finally, 26 villages nationwide successfully implemented the MA&D approach.





## MA&D Materials

An **MA&D Field Manual** has been designed to guide field practitioners who will assist local people in conducting the MA&D process. It consists of six booklets (A-F) and a map of the process.

**Field Facilitators Guidelines** complement the field manual and provide easy-to-follow descriptions of practical methods and field tools that may be used to turn villagers into successful small-scale entrepreneurs. The user of the guidelines does not need to be an expert in business management in order to implement them.

A set of **case studies** in order to share the experiences and the lessons learned in different countries has been prepared. The case studies offer an opportunity for reflection and for learning about the enabling conditions for developing small-scale forest enterprises.

The MA&D training materials are available in English, French and Spanish.

All our publications are available on the Internet at:

<http://www.fao.org/forestry/site/25491/en>

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