

Community-based tree and forest
product enterprises:
Market Analysis and Development

MANUAL



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Foreword

Through its community-based enterprise development (CBED) programme, the Forestry Department of FAO supports the development of capacity to create small-scale tree and forest product enterprises. Such rural enterprises provide local communities with better opportunities to benefit from forest resources, while also creating greater incentives to sustainably manage and protect those resources. The programme seeks to support the development of business capacity through training in the use of the Market Analysis and Development (MA&D) methodology.

MA&D is especially suitable for enterprises based on natural resources products that need to be protected or conserved because it links participatory natural resources management and conservation activities to income generating opportunities. Besides environmental sustainability, the methodology also takes into consideration social, technological, legal and commercial aspects, providing a wide scope for understanding relevant market systems and thus avoiding business failure. As the approach encourages planning and development of business strategies it also contributes to local communities' investment preparedness, making it easier for them to access external capital and investments such as those related to Carbon Finance.

Since the original publication of the MA&D training kit in 2000, the MA&D methodology has been used by program and project managers, trainers and facilitators in many countries and contexts. The lessons learned and the experiences from these applications have been carefully gathered and analyzed and are reflected in this current revised publication. One of most important impacts that has been observed through MA&D capacity development is that communities have gained an increased sense of ownership over and protectiveness for their forest resources. Whenever forestry agencies are part of the MA&D capacity development, their role vis-à-vis the communities also changes. The agencies move from a policing role preventing abuse and overexploitation of forest resources, to a more technical support role, providing advice and guidance on community-based forest management activities contributing to income for the rural population.

It becomes increasingly clear for forestry agencies and natural resources departments in developing countries that community-based natural resource management linked with community-based enterprise development is a dependable option for sustainable forest management and poverty reduction. This trend has been underscored by development agencies and governments preparing for the Rio+20 Earth Summit (2012) in recognizing the need for approaches that integrate livelihood development and environmental conservation to achieve long-term holistic sustainability. We believe that the availability and wide utilization of the MA&D approach will contribute to these long-term goals by providing a concrete approach for evaluating business development opportunities that strive to balance social, economic and natural resource sustainability needs.

Eva Muller

Principal Officer, Forest Economics, Policy and Products Division



Acknowledgements

Many people provided valuable contributions throughout the revision of the MA&D training package. This process, which began in early 2010, involved a substantial amount of consultation, rewriting and review.

The overall coordination of the process of the MA&D Manual and Field Facilitator Guidelines 'revision was under the responsibility of Sophie Grouwels, Forest Officer, and the coordinator of the Community Based Enterprise Development (CBED) programme at FAO. Samoa Perucca was instrumental in coordinating the content review of the MA&D materials; Laura Schweitzer Meins and Kata Wagner were key in the consolidation of the content review and the coordination of the editing, layout and translation of the revised MA&D package.

A crucial role in the revision of the content was played by Isabelle Lecup, MA&D expert, senior trainer and main author of the previously published MA&D training material. Special recognition goes to her for her commitment to capturing field-level feedback and ensuring these valuable perspectives were included in the revised MA&D material. Thanks also goes to Florence Beraud, Independent Learning Specialist, for her work in adapting the publication to better suit user needs and make the material more user-friendly.

Special appreciation goes to the practitioners and trainers who have utilized the MA&D approach and who participated in an international workshop in Turin, Italy, to provide inputs into the MA&D revision. Their willingness to share their country/regional experiences in applying MA&D provided essential inputs for improving the document. These individuals include: Jeanne Marie Abanda (DRC), Kanimang Camara (The Gambia), Ludovic Conditamdé (Burkina Faso), Jose Andres Diaz Merchan (Colombia), Clifford Mkanthama (Malawi), Souvanhpheng Phommasane (Lao PDR), Damas Poda (Burkina Faso) and Alexis Seibou Bouba (Cameroun).

The DELTA Team of the International Training Center of the ILO, and in particular Tom Wambeke, provided important support for the preparation and organization of the FAO revision workshop and contributed greatly to its facilitation. Thanks go to all members of the reading committee, comprised of workshop participants, as well as: Maria Teresa Becerra, Julius Chupezi, Martin Gasser, Martin Greijmans, Sophie Grouwels, Toni Hill, Jacques Lecup, Thibault Ledecq, Ken Nicholson, Samoa Perucca and Marcel Useni.

Many thanks go to FAO staff members who shared their ideas, commented upon many drafts of the material and facilitated the finalization and publication of the material. These individuals include: Sally Berman, Sophie Grouwels, Gabriele Marcelli, Rao Matta, Jeremie Mbairamadji, Samoa Perucca, Pilar Santacoloma, Laura Schweitzer Meins and Kata Wagner. Appreciation also goes to Ruth Raymond for her editing work and to Claudia Tonini for her layout and design work.

Finally, immense gratitude goes to the National Forest Programme Facility for its generous financial contribution which made an in-depth review process possible, and to the Forest Economics, Policy and Products Division of FAO for its continuous support to the CBED programme.



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Acronyms

BDS	Business development services
EDP	Enterprise Development Plan
EDT	Enterprise Development Team
FAO	Food and Agriculture Organization of the United Nations
FUG	Forest user group
GGFP	Gambian/German Forestry Project
INGO	International non-governmental organization
MA&D	Market Analysis and Development
M&E	Monitoring and evaluation
NACO	National Consultancy on Forestry Extension Services and Training
NGO	Non-governmental organization
NWFP	Non-wood forest product
PRA	Participatory rural appraisal
RRA	Rapid rural appraisal

Symbols used in the manual



This icon highlights examples of MAD projects



This icon indicates a reference to the MA&D manual



This icon indicates a reference to the Field Facilitator Guidelines



This icon indicates a reference to an Annex in the MA&D manual



Key to the Manual

Introduction

SECTION A:

What is Market Analysis and Development?

A1. OVERVIEW OF THE MA&D APPROACH

The aim of this section is to provide a comprehensive overview of the Market Analysis and Development approach, enabling readers to gain a comprehensive and detailed vision of MA&D, and to understand whether it can be adapted to their situations and projects. Readers will also be introduced to the four phases of the MA&D approach.

A2. FEATURES AND PRINCIPLES OF THE MA&D APPROACH

This section explains how the MA&D approach can be adapted to a variety of contexts and purposes. Also discussed is the change represented by MA&D from traditional support to enterprise development, as a methodology based on participatory principles rather than on direct intervention.

SECTION B:

Getting ready to implement the Market Analysis and Development Process

B1. MINIMAL CONDITIONS NECESSARY BEFORE INITIATING SUPPORT FOR ENTERPRISE DEVELOPMENT

This section aims to help planners and decision-makers assess whether the minimal conditions exist in their project, local and country contexts for support to be successfully provided to tree and forest product-based enterprise development.

B2. PRELIMINARY PLANNING OF MA&D ACTIVITIES

This section describes the preliminary planning activities that should be conducted before support is given to tree and forest product-based enterprise development. Importantly, during the preliminary phase, project initiators should make every effort to ensure support from key stakeholders and to certify that all the essential elements and services for supporting entrepreneurs are in place. Readers will learn about the difficulties facilitators may face later if the approach is not appropriately applied.



B3. RESOURCES REQUIRED FOR IMPLEMENTING THE MA&D PROCESS

This section focuses on the resources necessary for integrating a component on small enterprise development into projects. Information is provided on the process of identifying the activities to be undertaken and the time and human resources that will be needed.

SECTION C:

Implementing the Market Analysis and Development process

C1. FACILITATING THE MA&D PROCESS IN THE FIELD

This section provides a diagram illustrating the steps to be undertaken during each phase of the MA&D process.

C2. MONITORING AND EVALUATION

This section discusses the baseline information to be established prior to the initiation of a MA&D process. It also reviews the participatory monitoring and evaluation (M&E) approach to be used throughout the MA&D process in order to be able to evaluate project impact.

C3. HINTS ON CORRECTIVE MEASURES AND SOLUTIONS

This section brings together the experiences of MA&D users and proposes some solutions to the most common problems encountered during MA&D implementation.

Annexes



Introduction

THE MARKET AND ANALYSIS DEVELOPMENT APPROACH

The goal of the Market Analysis and Development (MA&D) approach is to assist individuals living in rural communities to develop enterprises to generate and improve their incomes while ensuring the sustainable management of forest resources. The MA&D process takes social and environmental concerns into consideration as well as the technological, commercial and financial aspects of small enterprise development. Increasing demand for forest products often leads to over-exploitation of resources and abuse of harvesters. This leads in turn to degradation of resources and a downturn in economic conditions for local communities. Enterprises based on tree and forest products need to be financially viable as well as environmentally and socially sustainable.

The MA&D approach can empower producers, manufacturers and traders to plan and develop equitable, sustainable, ecologically sound, socially beneficial and financially viable tree and forest product-based enterprises. Local communities are the primary actors in the process, from identifying and planning forest enterprises to sustainably managing their local environments.

Before adopting the MA&D approach, it is imperative to carefully study the approach and to carry out a realistic assessment of the expected outcomes. The MA&D approach can be used either by individual entrepreneurs or by groups of entrepreneurs. That decision depends mostly on the type of enterprise and on the project objectives.

This MA&D manual should provide project managers with the information and tools they will need to decide whether to apply the MA&D approach to their enterprise development projects.

The Field Facilitator Guidelines accompany the MA&D manual and should be used in conjunction with it. These guidelines provide practical guidance and actions to be taken by facilitators throughout the implementation of the MA&D process.

CHANGES INCORPORATED INTO THE 2011 REVISED MA&D MANUAL

The material contained in this manual has been developed and tested over several years in collaboration with partners across Asia, Africa and Latin America. The current manual is a revision of previous training material. It incorporates the latest developments from MA&D field-testing since its earlier publication and incorporates a variety of changes, in particular the following:

- ✓ One book has replaced the previous five booklets, in response to requests from users for a simplified version.
- ✓ Methodologies and tools used in the implementation phase have been moved to the Field Facilitator Guidelines.
- ✓ The MA&D process is now divided into four phases, instead of three, with a corresponding change in the names of the steps and the phases.
- ✓ The map of the process has been updated.

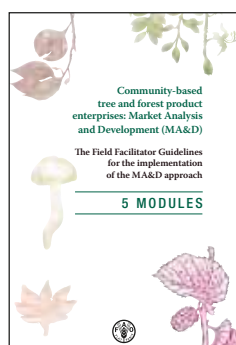


THE MA&D PACKAGE

FAO, in collaboration with partners, has developed a package of materials to support the implementation of the MA&D approach.



The *Brochure* presents a short overview of MA&D and its benefits.



The *Field Facilitator Guidelines* assist field facilitators and entrepreneurs to implement the various phases and steps of the MA&D approach.



The *Manual* helps the project management teams to plan the development of tree and forest product-based enterprises using the MA&D approach.

AUDIENCE FOR THE MANUAL

The manual is intended for project management team members from governmental and non-governmental development agencies who are responsible for planning the development of tree and forest-based enterprises.

Study of the manual will provide readers with:

- ✓ an overview of the MA&D process, including the objectives and anticipated outputs of each phase of the approach;
- ✓ an introduction to the guiding principles of the MA&D approach;
- ✓ an understanding of the minimum conditions needed to support enterprise development.

MA&D TERMINOLOGY USED IN THE MANUAL

The terminology used in MA&D has been carefully selected to be consistent with the philosophy of participatory methodologies. Project staff members and facilitators should refrain from using conventional terms even if they are more familiar, as they may carry incorrect connotations. Use of the MA&D terminology, accompanied by an explanation of meanings, is thus recommended. A glossary of terms is available at the end of the manual on page 93.

SECTION A

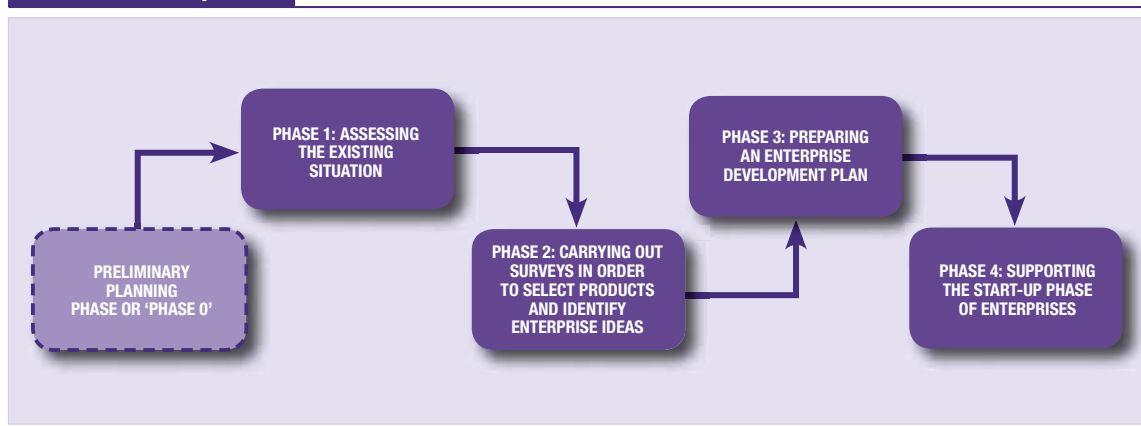
What is Market Analysis
and Development?

SECTION A

What is Market Analysis and Development?

A1. OVERVIEW OF THE MA&D APPROACH

The four MA&D phases

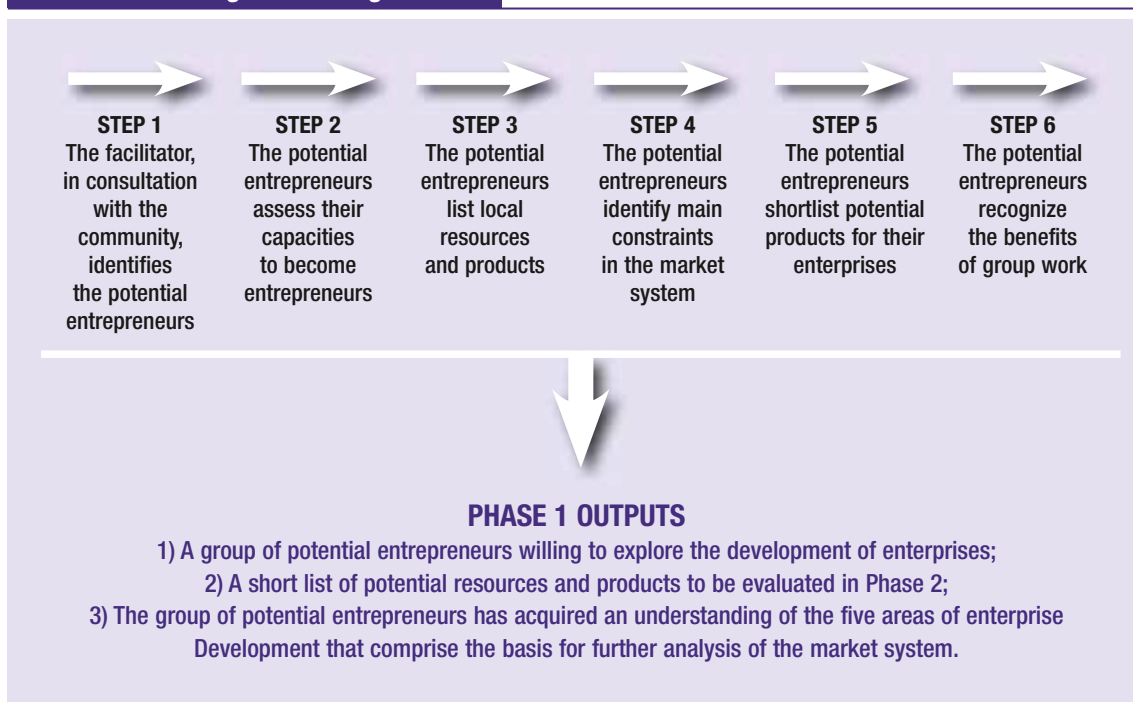


MA&D is a framework for planning tree and forest product-based enterprises. It consists of a preliminary planning phase followed by the four phases that guide entrepreneurs through a simple and clear participatory process to plan and develop their enterprises. Entrepreneurs will follow a sequence of systematic steps to ensure that all critical elements are included in order to minimize any risks linked to establishing their enterprises.

The preliminary phase, perhaps also useful to think of as a 'Phase 0', is the time for conducting any background research and planning activities that should be conducted before any support is given to tree and forest product-based enterprise development, as occurs in Phases 1 through 4. Phases 1 and 2 serve as a diagnostic process and help to identify opportunities and to motivate participants. Phase 3 supports the preparation of the enterprise development plan, and Phase 4 the start-up of the enterprises.



Phase 1: Assessing the existing situation



Phase 1 is exploratory and aims to investigate an existing situation. During this phase, facilitators study the livelihood strategies of the local communities and identify a group of potential entrepreneurs within the community.

The group of potential entrepreneurs:

- ✓ obtains an overview of tree and forest resources and potential products;
- ✓ identifies the constraints and opportunities of those resources and products;
- ✓ short-lists a range of products;
- ✓ comes to understand that working in a group can allow for a stronger market position.

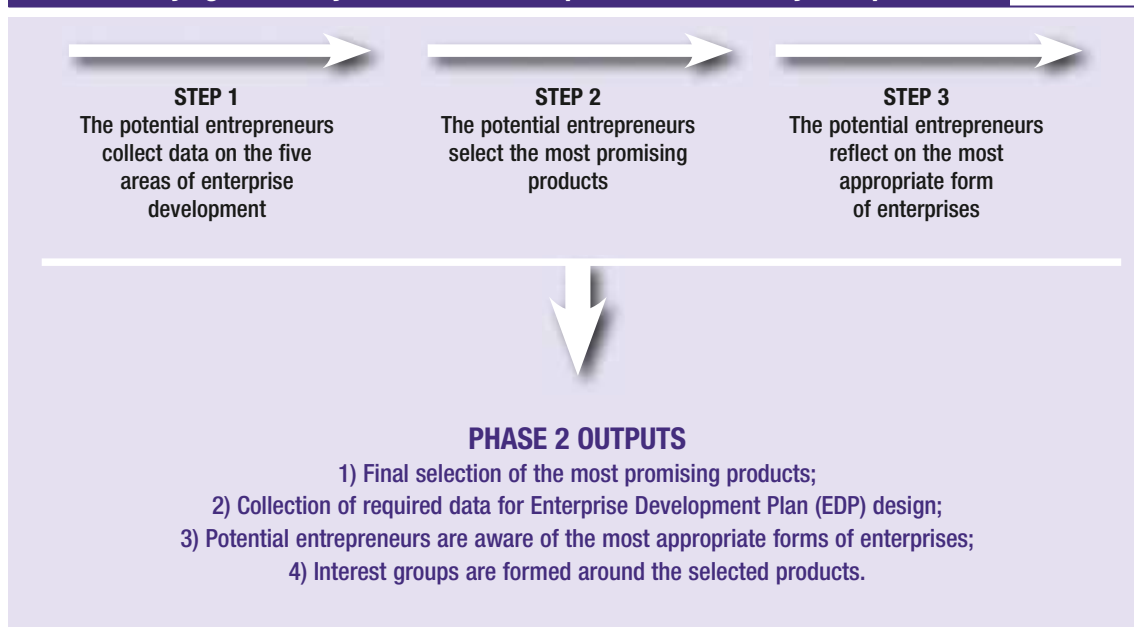
Phase 1 provides some indication of realistic enterprise prospects, taking into consideration the available resources, social conditions, financing, market demand and potential investors.

The objective of Phase 1 is to help villagers discover the products that are best suited to their economic situations while ensuring that the resources are used sustainably. In order to ensure viable enterprises and reduced risks, potential entrepreneurs learn to select enterprise ideas that take into account social, environmental, institutional and technological factors.

The MA&D approach starts by considering products that are already traded and that already provide income to the potential entrepreneurs. Opportunities for introducing new value-added technologies or new products are also assessed.



Phase 2: Carrying out surveys in order to select products and identify enterprise ideas



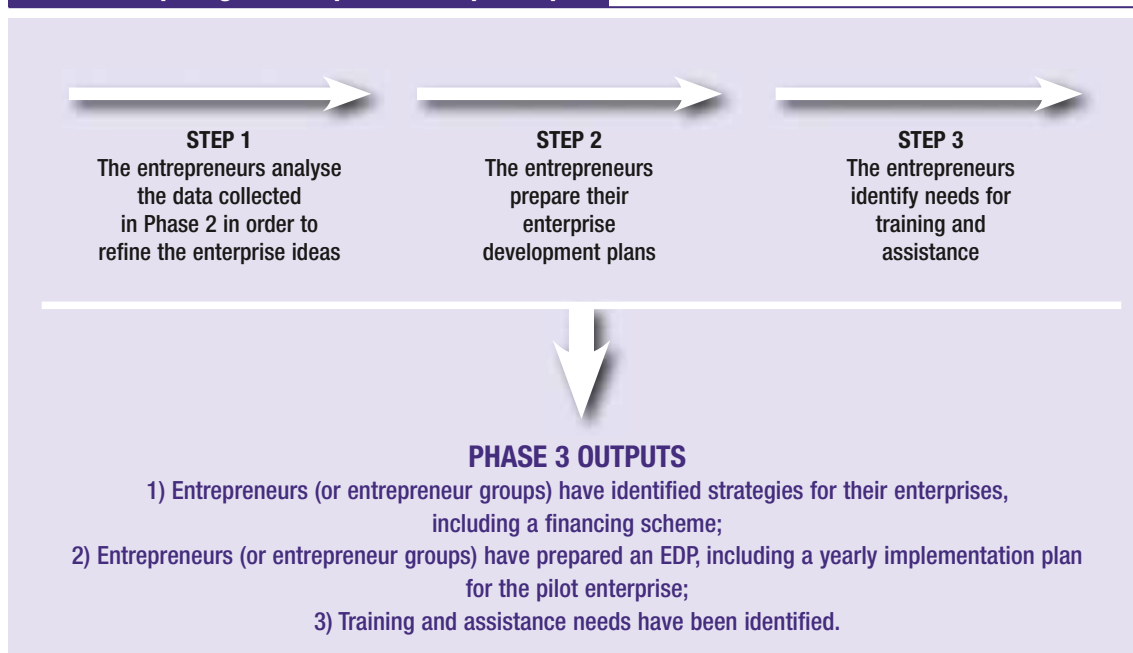
In Phase 2, the potential entrepreneurs gather information needed to allow them to assess the viability of short-listed products, and decide upon the most sustainable and appropriate types of enterprises.

Products short-listed during Phase 1 are subjected to in-depth feasibility studies in order to identify potential markets and to evaluate scale, trends and constraints related to access. Finally, products short-listed during Phase 1 will be compared with the products identified in Phase 2 in order to refine the selection.

Experience has shown that a number of problems can occur when developing an enterprise without going through the steps of Phase 2:

- unsustainability of the resource and/or market;
- economic dependence on one product or type of product;
- unreliable supply;
- low quality product;
- insufficient income generated by the product;
- lack of capital either for initial investments or for overhead costs;
- non-compliance with rules and regulations;
- ignorance of potential sources of assistance (such as credit or technical expertise);
- destruction of the environment.

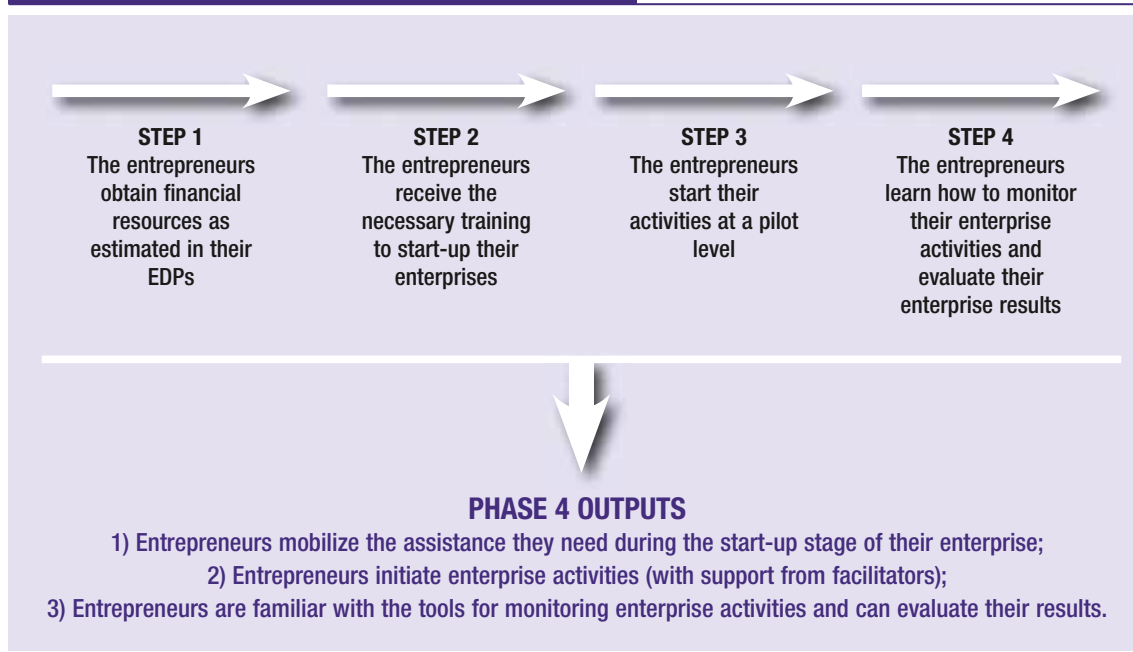
Phase 3: Preparing an enterprise development plan



The aim of Phase 3 is to formulate an EDP that integrates all the strategies and services needed for the success of the new enterprises. The EDPs are then analysed to assess what assistance entrepreneurs will need to effectively start their enterprises.



Phase 4: Supporting the start-up phase of enterprises



In Phase 4, entrepreneurs are guided through the process of mobilizing financial resources and receive training according to the needs expressed in their EDPs. They are assisted in the start-up phase of their enterprises and they learn to monitor enterprise activities.

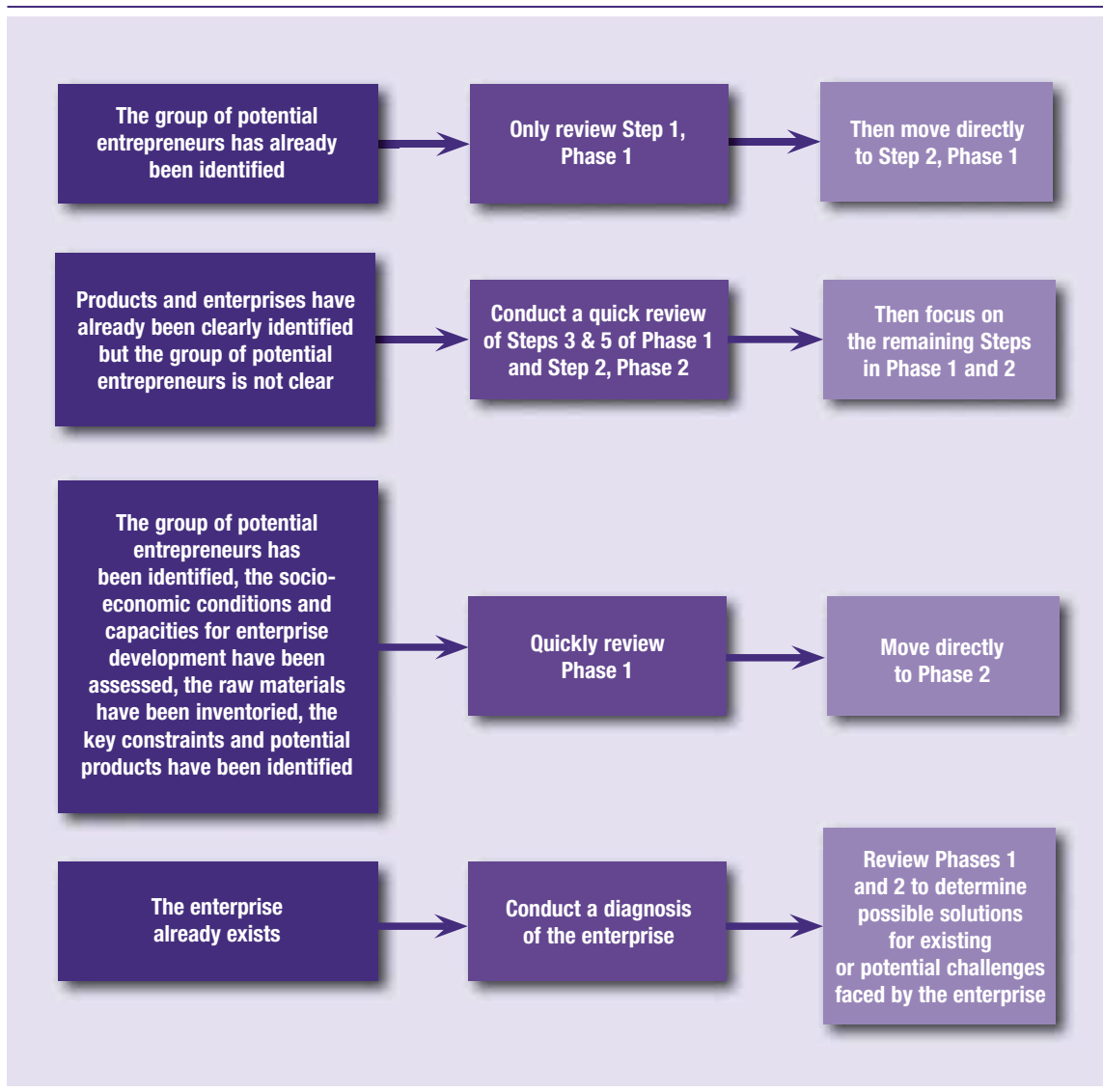
During a pilot phase, entrepreneurs can test their capacities for establishing links with business service providers, and for refining operational and organizational mechanisms. Finally, entrepreneurs are trained to strengthen their abilities in marketing and natural resource management.

ENTRY POINTS TO THE MA&D PROCESS

Some users may want to shorten the MA&D process, depending on their situations. Generally speaking, it is advisable to review all the steps in each phase, and to complete each phase before initiating the next one. For example, before conducting a Phase 2 feasibility study on a potential new technology for product improvement, it is important to know whether long-term access to the natural resource is secure. As shown on the MA&D process map, the outputs of each phase serve as the foundation of the next phase. Nevertheless, in some situations it may be possible to enter the process at different points.

The most common situations are the following:





ADAPTING PHASES 3 AND 4 TO PROJECT NEEDS

While this manual will not be able to address the specific needs of all projects, the methods and tools proposed by the MA&D approach can be adapted to a large range of projects. Upon completion of Phases 1 and 2, project staff should be able to adjust the methods and tools of Phase 3 and 4 to their own specific contexts, including:

- ✓ The **scale of the enterprises and their level of complexity**. This will dictate the level of sophistication needed when applying the tools. For example, microenterprises will require fewer financial projections than small enterprises and their EDPs will be simpler.
- ✓ The **amount of information available** after completion of Phases 1 and 2. If information is lacking, the facilitators may have to plan additional study tours at the beginning of Phase 3. Information requirements are also related to the scale of the enterprises. For example, a microenterprise aiming to sell goods at the district market does not need to do research on how to export, while one looking at overseas markets would need such information.
- ✓ **New beneficiaries join the process at a later stage**. Project staff/facilitators will need to diagnose the situation of entrepreneurs entering the MA&D process at a later stage to determine if they will need to address any Phase 2 related issues.
- ✓ Other factors, such as the **availability of working capital** or **limited availability of facilitators**.

A2. FEATURES AND PRINCIPLES OF THE MA&D APPROACH

ADAPTABILITY OF THE MA&D APPROACH

MA&D provides a framework that can be adjusted to different contexts and used for different purposes. Initially, the MA&D approach was developed for use with tree and forest product-based enterprises. However, the approach has also been successfully applied to projects related to community-based tourism, agricultural products, livestock initiatives and coastal fisheries. This experience shows that rural entrepreneurs implementing the MA&D approach, either individually or in groups, can adapt it for other types of enterprises.



Specific information about some of the differences between tree and forest products and agricultural products is presented in Annex 2.

Individuals or groups with existing enterprises can also use the MA&D approach to:

- ✓ identify new customers;
- ✓ match the needs of new customers;
- ✓ adopt new technologies and upgrade skills;
- ✓ learn how to add value to products;



- ✓ obtain financial support from local institutions;
- ✓ preserve local resources.



The adaptability of the approach is demonstrated in several examples presented in Annex 1 and at: <http://www.fao.org/forestry/enterprises/25494/en/>.

MA&D: A SHIFT IN SUPPORT TO ENTERPRISE DEVELOPMENT

MA&D represents a shift away from traditional direct intervention support to enterprise development, which has limited reach and sustainability. On the contrary, MA&D uses a facilitative approach to help entrepreneurs identify needs for services, to help service providers to develop their capacity and to link the two in enterprise development.

Planners and facilitators should adopt the facilitative approach as it can influence decisions by potential entrepreneurs as well as the sustainability of their activities. When understood and supported by all members of the enterprise support structures (planners, facilitators and local partners) and by the potential entrepreneurs themselves, the MA&D approach will shift thinking away from an assistance-driven mentality and towards a process owned by empowered entrepreneurs.

CORE PRINCIPLES OF THE MA&D APPROACH

Using participatory methods and tools

The MA&D approach is participatory, involving a wide variety of flexible tools. Facilitators should select their tools according to the needs of participants, the local context and available resources. Initially designed for use with tree and forest products, these tools are the result of extensive field-testing. Various tools used in the MA&D approach may be familiar to facilitators since several have been adapted from participatory rural appraisal guides or entrepreneurial development manuals. However, MA&D is ever evolving, allowing facilitators to continually look for ways to adapt or improve the tools to fit the requirements of their communities.

Successful implementation of the MA&D approach largely depends on an appropriate use of its tools and methods. The Field Facilitator Guidelines describe these in greater detail.

Screening the five areas of enterprise development

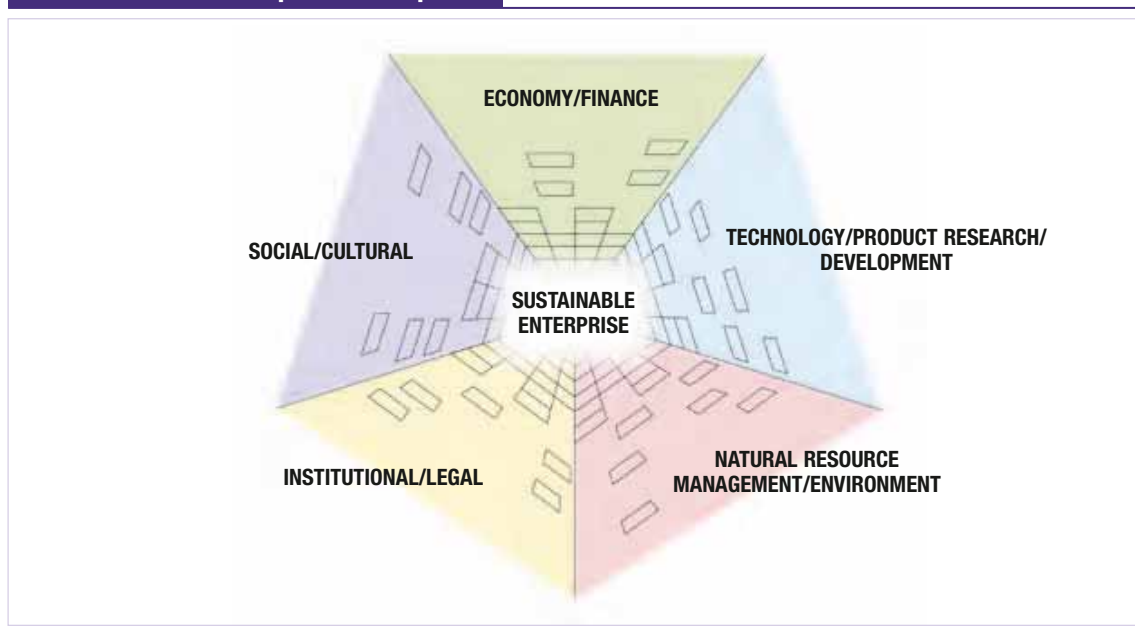
The MA&D process takes into account environmental, social, institutional and technical factors, as well as commercial and financial aspects of a product. The focus on social and environmental issues means that the benefits to communities will be protected throughout the long-term development of an enterprise.

The approach used to gather and analyse data is called 'screening the five areas of enterprise development' (see Figure 1). The five areas include:



- ✓ Market/Economy, including financial aspects;
- ✓ Natural resource management/Environment;
- ✓ Social/Cultural;
- ✓ Institutional/Legal;
- ✓ Technology/Product research/Development.

The five areas of enterprise development



Sustainability

Sustainability is a key component of the MA&D approach.

Sustainability refers to processes that increase economic benefits and improve livelihoods, without causing negative social or environmental impacts. Also implied is that enterprises will have the capacity, when processes are sustainable, to react to changing markets.



In the Gambia, bushfires are a major threat to forested areas and have plagued communities for years. A number of Community Forestry Groups involved in enterprise development using the MA&D approach have developed effective strategies for fire prevention by placing firebreaks in target areas around forests or by carrying out controlled burning on village lands. The resulting reduction in fires makes possible the derivation of income from activities such as the use of dead trees for beekeeping.





The different types of sustainability underlying the MA&D approach are detailed in Annex 2.

Gender sensitivity

MA&D provides opportunities for both men and women and gender balance is taken into consideration throughout the MA&D process. While women are key actors in community economic systems, their potential has largely gone untapped making it imperative that facilitators ensure women's involvement and participation in every step of the process.

The MA&D Field Facilitator Guidelines propose methods and tools to ensure that the priorities of women are not compromised by the priorities of men.



In Ghana, most women highlighted that an important benefit of the MA&D project has been the development of better group dynamics and stronger cohesion. Women felt empowered to discuss issues with men. Moreover, prior to initiation of the project, community members rarely held meetings, whereas they now hold effective meetings on a range of local issues.

Participation of entrepreneurs throughout the MA&D process

The MA&D approach stresses the responsibility of potential entrepreneurs in the development of their enterprise, and places clear boundaries on the facilitator's role. Facilitator support is needed throughout the process, but it is critical that entrepreneurs acquire the skills to make their own decisions and to formulate their own enterprise plans. Thus entrepreneurs must participate in each phase of the process for successful enterprise development. It is important that potential entrepreneurs understand right from the start how they can benefit from using the MA&D approach. Towards this end, it will be important to adapt the MA&D materials to specific country conditions and reinforce the capacities of participants through training courses.



These aspects are explained in further details in Annex 8.

The importance of strategic alliances

MA&D emphasizes the importance of creating strategic alliances between entrepreneurs and service providers, and of developing market linkages.

Support to tree and forest-based enterprises cannot be delivered by a single service provider since various types of expertise will be needed, some related to production or forest management, some to marketing and enterprise management, and some associated with technology or even policy issues.



The value chain starts with the producer and ends with the consumer. Along the chain, there are two types of actors. Direct actors are the people on the market chain through which products move (harvesters, traders, manufacturers and consumers). Indirect actors are the people that influence product marketing (policy-makers, technical researchers and environmental advocacy groups). Both categories of actors include private and public sector companies and agencies. These actors make up alliances, which are critical because, if even one element in the market chain is weak, an entire venture may be affected and put at risk of collapse. Facilitators can help entrepreneurs identify strategic partners that can sustainably contribute to the development of an enterprise.



Mushroom producers in northern Vietnam benefited from forming an alliance with the national mushroom research institute. They learned how to grow new species of mushrooms and had access to information on the quality required by consumers. Their alliance with a company preparing salted mushrooms for export ensured that the producers had a buyer for the mushrooms that could not be sold to wholesalers, restaurants, or on the retail market due to the limited quantity of mushrooms generally purchased by this part of the market. The alliance also meant a guaranteed supply of raw materials to the company. Both parties benefited from this partnership.



Details about the creation of strategic alliances are presented in Annex 2.

Strengthening institutional capacity

The MA&D process helps to raise the capacity of government institutions and non-governmental organizations to use natural resources more sustainably, manage resources in a participatory way and address organizational issues.

MA&D projects improve relationships, enhance trust and promote collaboration between government staff and local communities. They help to reduce the level of cynicism about the potential financial benefits of participatory forest management, and they encourage people to adopt community-based forest management.





Nomadic herders and village residents in the forested areas of Mongolia use forest resources, such as fuel wood, berries, pine nuts and medicinal plants. Little documented market information on forest-based products exists and local governments give few permits to harvest these products. In Bugat Sum, local authorities attended a MA&D training which helped them to realize that once forest user group (FUG) members become aware of the risks associated with unsustainable harvesting practices, they would likely begin to improve their practices. A result of this increased awareness is that the governor's office now supports the start-up of small rural enterprises through grants and support to FUG rangers.

Addressing policy constraints

A precondition for successful MA&D projects is secured land tenure. Villagers should have legal control over the land they use and the right to harvest and sell their products. Local control without user rights means that beneficial enterprises cannot be guaranteed and could discourage communities from protecting forest resources.

Another key requirement for developing small-scale enterprises is that communities have access to forest products. MA&D projects often reveal constraints related to access and encourage governmental institutions to propose relevant policy solutions.



In Gambia and Burkina Faso several communities now take active measures to protect their forests, such as through the creation of patrols to stop illegal logging. In the past, trees were cut down outsiders, with or without permits, and local villagers never tried to stop them since they felt that they had no control over such actions. Now that local communities have taken responsibility for their forests, illegal logging has dropped dramatically. Additionally, the government can no longer issue outsider user licenses in community forest and co-managed forest parks.

Diversification and consolidation of local structures

Collaboration with governments and NGOs, as well as the creation or strengthening of entrepreneurial groups, can improve market, social and resource management performance.

The formation of entrepreneurial groups is encouraged so as to muster collective power and strength. These groups can mobilize and coordinate their members and realize more beneficial enterprise activities thanks to reduced production costs, standardized prices, common scaling systems, better use of forests, and the creation of links with support institutions.

The contribution of enterprise development to increasing funds for government forestry institutions

While governments often express their commitment to environmental protection and sustainable natural resource



management, they generally lack the financial means to achieve these goals. Forestry is frequently not considered to be a national development priority and rarely receives long-term donor support from multilateral organizations. MA&D pilot initiatives can help to increase the allocations of funds to the forestry sector because they are able to show the potential value of trees and forest products to overall development.



The Government of Gambia has institutionalized a mandatory savings scheme for products generated from forest resources. Eighty five percent of all proceeds extracted from community forests are deposited into a local fund and the remaining 15 percent is paid as a tax to the National Forest Fund (NFF). In recent years, money paid to the local fund and the NFF has substantially increased, thanks to successful enterprise development. In addition, income and employment have improved in rural villages. These factors have attracted government attention, raising the sustainable management of the country's forest resources higher on the national agenda.



SECTION B

Getting ready to implement
the Market Analysis
and Development process

SECTION B

Getting ready to implement the Market Analysis and Development process

B1. MINIMAL CONDITIONS NECESSARY BEFORE INITIATING SUPPORT FOR ENTERPRISE DEVELOPMENT

To ensure the success of MA&D projects, it is essential to first check that certain conditions are in place, which are necessary for enterprise development.

The existence of these conditions is not essential. However, the project/programme planner should evaluate to what extent they have been met and take the results into consideration when designing the project and assessing risks.

ASSESS THE LEVEL OF SUPPORT FROM NATIONAL ADMINISTRATION AND POLITICAL AUTHORITIES

When support to tree and forest product-based enterprises is a national priority, entrepreneurs often find that they can benefit from support like tax exemptions available during the start-up phase of their enterprises. Such support can range from simplified access to financial institutions or government funding programmes to easier registration formalities and access to infrastructure for moving, storing or marketing their products.

A review of the legal context will reveal whether existing rules and regulations are favourable to the development of tree and forest product-based enterprises. If the legal context were found to be favourable, the next step would be to develop a brief project concept to determine if the project would be accepted by the relevant administrations and political bodies.

ASSESS THE LEVEL OF SUPPORT FROM PROVINCIAL AND DISTRICT ADMINISTRATIONS AND FROM LOCAL POLITICAL AUTHORITIES

Different regions will have a different level of support for project initiatives making it beneficial to check a project's likely acceptance with provincial and district authorities prior to initialization. While a national government may favour tree and forest product-based enterprises, if provincial and district authorities are not supportive, project staff will face difficulties in finding local support. Conducting such an assessment can help to ensure that project sites are selected in places with a sufficient enabling environment.



BUILD CONSENSUS AMONG THE PROJECT TEAM AND PARTNERS

Frequently, institutions with limited experience in participatory approaches want to integrate or add enterprise development planning to existing, ongoing projects. To successfully do this, project staff and partners need to have a clear understanding of enterprise development and the implications of the MA&D approach.

All stakeholders involved in the process need to understand and agree with the participatory characteristics of the MA&D approach. Too often, decisions emerging from the participatory process are rejected by the organizing agency as not fitting their agenda. This can be easily avoided by early consultation with project staff and partners to assess their interest in adopting the MA&D approach.

EVALUATE AVAILABILITY AND LEGAL CONSTRAINTS FOR TREE AND FOREST PRODUCT ACCESSIBILITY

Projects may face difficulties during the implementation phase due to legal constraints preventing access to tree and forest resources. Identifying sources for and accessibility of necessary resources for tree and forests products prior to engaging in enterprise development can help to avoid this type of problem.

ASSESS KNOW-HOW AND CAPACITY DEVELOPMENT NEEDS

Support for tree and forest product-based enterprises will be higher if the individuals involved have some knowledge about the resources and products concerned, as well as some basic enterprise development skills. Assessing those skills will serve to identify the capacity development needs required before beginning implementation of the MA&D approach. The planning team should determine with care whether it will be cost-effective to train unskilled staff. Skilled human resources are an important element of successful enterprise development.

ASSESS LOCAL ATTITUDES ABOUT TREE AND FOREST ENTERPRISE DEVELOPMENT

Communities benefiting from aid projects often develop a “wait for assistance” attitude. By contrast, in the MA&D scenario, entrepreneurs are expected to be fully engaged in their projects, including taking responsibility for related risks. Cultural factors may play a role in the attitudes of local populations with regard to risk-taking and enterprise orientation, as opposed to having a more passive attitude towards development.

Entrepreneurialism cannot be imposed, so the predisposition, readiness and willingness of the community to embark upon tree and forest product-based enterprise development should be evaluated and an understanding of the benefits tested. Communities are often more interested in enterprises based on agricultural or animal products than on forest resources. Awareness of the potential commercial value of forest products may need to be raised in order for the interest of local populations and government authorities to be piqued.





In Laos, an INGO had been assisting the poorest communities of the Viengxai district to improve their bamboo handicraft production. After 2 years, the INGO advisor received a visit from a Hmong man who had heard about the capacity building efforts and the resulting achievements of better and nicer products that could be sold more easily to local traders. The visitor mentioned he was interested in joining similar projects and was even willing to pay to attend. The advisor was pleasantly surprised by this offer, but replied that there was no need to pay and that the visitor would be welcome at the next training.

ENSURE GENDER BALANCE

Women have a major contribution to make to the enterprise development process, as they are key actors in community economic systems. For this reason, planners should involve women in the project enterprise development support team as much as possible and include the obligation to use gender sensitive field approaches in the facilitators' terms of reference.

Women should be full participants in the MA&D process. However, their involvement is not always straightforward since they may be less well educated than men, have heavy household workloads or be constrained by social norms from taking part in some activities.

At the very least, enterprise development should not have a negative impact on women, nor increase the inequalities between men and women.

EVALUATE THE WILLINGNESS AND CAPACITIES OF SUPPORT INSTITUTIONS

The planner should list the main governmental institutions and NGOs able to support forest enterprise development initiatives. This list usually includes the national department of forestry and the ministry of economy and industry (or any administration directly concerned with the topic), research and development institutions, financial institutions (including potential donor organizations), NGOs working in the field of small enterprise support (for example, bookkeeping, micro-finance and groups focused on land management) as well as private actors who get their raw material supplies from rural areas. Once this list has been compiled, the planner should inform all potential stakeholders about the proposed project and evaluate their possible contributions.

COMPILE A SITUATIONAL OVERVIEW

Prior to initiating a MA&D project, planners need to have a basic understanding of a country's enterprise development situation. Specifically, this would include gathering information on the market demand for products at the national or international levels, the relevant existing trade channels, the potential key stakeholders and the service delivery organizations in the enterprise sector.





For further information on “Compiling a situational overview”, refer to Annex 3.

ENSURE BUDGET PROVISIONS FOR SUPPORT DURING THE START-UP PHASE

Entrepreneurs need support and assistance during the start-up phase of their enterprises. Unfortunately, the importance of this factor is frequently underestimated. To avoid this common mistake, support during the start-up phase should be planned from the beginning. This can be accomplished by ensuring that the project:

1. has sufficient resources to cover necessary services during the start-up phase;
2. has the financial capacity to develop an enterprise development fund to provide seed money for new enterprises;
3. can facilitate the creation of entrepreneurial savings and credit groups or otherwise support links between entrepreneurs and financial institutions.

DEFINE A FINANCIAL STRATEGY TO SUPPORT INITIAL CAPITAL NEEDS

There are different options for financing the capital needs of enterprises. These include the creation of saving and credit groups for micro-enterprises, the use of existing village funds, and access to microfinance institutions and traditional banks.

MA&D encourages entrepreneurs to use their own funds in their enterprises and to establish links (or partnerships through the project) to service providers (e.g. microfinance institutions) that can support the capital needs of the enterprise. The aim is that the enterprise will operate independently after the project ends. In some cases, the management team can decide to set aside funds as seed funding for new enterprises, or to provide basic equipment to new entrepreneurs. This option, which is more typical of the traditional assistance-driven mentality should not be encouraged and should only be considered when the entrepreneur lacks sufficient capital. Whatever financial strategy is chosen, it should be discussed with all participants from the outset of the project.

ACQUIRE A BASIC UNDERSTANDING OF THE MA&D APPROACH

The planner will need to understand the time, technical and financial resources required to implement the MA&D activities in order to decide whether a project has the necessary resources to initiate an enterprise development process.



These elements are presented in greater detail in Section B3.

ENSURE THAT THE FACILITATOR KNOWS ENOUGH ABOUT MA&D

Facilitators often lack sufficient knowledge and resources to achieve their objectives. It is thus important to help them



acquire the information they need to support the entrepreneurs. Many facilitators admit they are ashamed of knowing less than the entrepreneurs with whom they work. For this reason, facilitators should be provided with:

- ✓ an overview of the market demand at national or international levels, as well as the legal and institutional issues related to the concerned natural resource subsector and to enterprise establishment;
- ✓ a description of the enterprise approach versus the “project” approach;
- ✓ an explanation of options for enterprises to achieve legal status, the legal implications of such options, as well as their main advantages and disadvantages;
- ✓ information on the legal disposition regulating access to forest resources, production, transportation, processing and trade of the type of products promoted by the project;
- ✓ an explanation of possible financial approaches, including formal and informal access to capital, modalities and conditions as well as main advantages and disadvantages of each approach.

B2. PRELIMINARY PLANNING OF MA&D ACTIVITIES

During the preliminary phase, project planners should make every effort to encourage support from key stakeholders and to ensure that all the elements and services to support entrepreneurs are available. Should any of the preparatory activities are not carried out, facilitators may later find themselves in awkward situations or unable to adequately continue the MA&D process.

There are a number of ways to conduct these preliminary planning activities depending on the institution, the project objectives, the strategy and the national context. The list below does not provide a set-in-stone sequence of activities, but rather offers a collection of activities that users can take in account to meet their specific objectives. Depending on the context, the project team may find it better to change the order in which activities are implemented or skip some altogether if they do not fit their particular situation.

Preliminary activities to be completed before facilitators start working with target groups	Define realistic objectives.
	Adapt MA&D materials to local context, including the translation of materials into the local vernacular language.
	Survey the region (province/district) in which the project is located and establish a contact with other organizations/institutions operating in the same area.
	Select project sites.
	Select the field facilitators and establish the project team.
	Organize MA&D sensitization workshops.
	Outline the framework for participatory monitoring and evaluation.
	Formulate the MA&D capacity development strategy.

The activities above are described in greater detail in the following section.



DEFINE REALISTIC OBJECTIVES

The project planner needs to prepare a work plan and timeline to ensure that all participants (such as the manager, project staff members and consultants) and potential partners (including farmers, interest groups, donors and local authorities) understand the goals and timeframe of the project.

The planner should ask the following questions in defining the initiative's goals:

- ✓ What is the goal of the enterprise development component of the project?
- ✓ What services will the institution/project provide?
- ✓ Who will be included in the group of potential entrepreneurs?
- ✓ What are the specific needs of the potential entrepreneurs?
- ✓ What principles will form the basis for implementation of project activities?

These questions must be addressed at an early stage since their answers will influence the choice of methods and the adaptation of tools throughout the rest of the MA&D process.

TRANSLATE AND ADAPT MA&D MATERIALS TO THE LOCAL CONTEXT

Facilitators should ensure that the MA&D map and the Field Facilitator Guidelines are translated into the local vernacular language. This is particularly important because even though facilitators will be trained to implement the MA&D process, they will frequently need to review the documents for concepts, definitions or tools required for the process.

In addition, it might be useful to prepare a simple set of tools for use by communities with only a basic level of literacy.

As they move through the MA&D process, participants may recognize gaps in their skills, such as knowledge of how to process a resource or how to keep the books. The MA&D support materials, strictly speaking, do not cover such technical elements. This being the case, the facilitator may decide to use additional training resources already available in the local language. For example, guidelines for sustainable harvesting and forest management or manuals on financial bookkeeping and record keeping might be included as supplementary training materials. It is critical that project planners recognize the importance of translating and adapting the Field Facilitator Guidelines and the process map before the implementation of the project.



In the Gambia, staff from the Forestry Department and from the national NGO NACO played a crucial role in the adaptation process by

- interpreting and simplifying materials;
- field testing materials to gauge how adapted they were to local communities;
- modifying materials after the field test;
- translating the EDPs into the local vernacular.





For further details on adapting and translating MA&D material, refer to Annex 4.

SURVEY THE REGION (PROVINCE/DISTRICT) IN WHICH THE PROJECT WILL BE LOCATED AND ESTABLISH CONTACT WITH OTHER GROUPS OPERATING IN THE SAME AREA

The objective of a regional survey, carried out by the project staff, is to compile a brief overview of opportunities and constraints for enterprise development in the region and to gain a broad understanding of the potential resources and products.

The results of the survey will serve as background information for informing decisions later in the process, for example, concerning how to finance the initial capital needs of enterprises.

The establishment of contacts in the project area may reveal whether other organizations have developed studies on issues relevant to the MA&D process (for example on specific products or markets) and if other enterprise development activities have been implemented or are ongoing.



For further information on the regional survey, see Annex 5.

SELECT SITES

Selecting a site is an optional step. Sometimes an enterprise development process is inserted into an existing project. In other cases, institutions may want to start MA&D activities on a new site, even though there may be existing project sites, established for other development purposes. Finally, some organizations will initiate a project specifically for the purpose of developing enterprises, and will use the MA&D methodology for this purpose. Therefore, in some cases, sites will have already been selected and this step will be unnecessary.





In FAO's MA&D project at the Mt. Emei World Heritage Site in Sichuan, China, 16 villages were found to be exerting pressure on the natural resources of the area. With limited resources, only four of these villages could be selected as pilots in the first two years of the project. A workshop was organized with stakeholders and with representatives of the four villages. Ranking exercises were carried out using the following criteria:

- The poorest villages within the park were prioritized.
- Traditional use of and the economic importance of NWFPs for the villagers was a key focus, as was their prior involvement of village inhabitants in activities linked to the use of forest resources (e.g. conversion of agricultural lands to forest lands, handicraft making and tourism).
- Interest of the villagers in the programme was present.
- Local leaders were capable and respected by the villagers.
- Road access was examined.

If the project were to enter a second phase, additional villages could then be included and the project could perhaps also be extended to villages outside the park that are also exerting pressure on the resources.



For further details on site selection, see Annex 6.

SELECT THE FIELD FACILITATORS AND ESTABLISH THE PROJECT TEAM

The project team can be established by the directors of national forest agencies together with the directors of NGOs. It is highly recommended to appoint a project team comprised of a project officer who coordinates and follows up on the activities, facilitators who implement the field activities and a project enterprise development specialist (PEDS) who has some experience in enterprise development.

Initially, facilitators may be extension staff from partner government agencies, or from NGOs. However, from Phase 2 of the process onward, it is better to include highly motivated enterprise-minded individuals from the community. Training these individuals as facilitators might be very useful because of their personal interest in making the process work (as they are themselves entrepreneurs), because they know the context, the natural resources, the local patterns and actors better than any external person would. Later on, they may also be important for disseminating the MA&D approach to other potential entrepreneurs.

Selecting good field facilitators is a critical success factor for the enterprise development process. Possible selection criteria for this selection include:

- ✓ experience in travelling to field locations and willingness to stay and work there;
- ✓ the necessary means (transportation, etc.) and time to go and stay with villagers for MA&D activities;



- ✓ some minimal facilitation skills (like reporting back about their activities in the village);
- ✓ knowledge of local languages;
- ✓ experience in facilitating participatory processes, such as Rapid Rural Appraisal (RRA) or Participatory Rural Appraisal (PRA) (this criterion is a plus but not a requirement);
- ✓ business skills such as basic budgeting or financial reporting experience (this criterion is a plus but not a requirement);
- ✓ preferably originating from the selected sites.



The main roles and tasks of the facilitators and of the Enterprise Development Specialist are detailed in Annex 7.

ORGANIZE MA&D SENSITIZATION WORKSHOPS

For project staff

Staff members of participatory forest management projects, resource management projects or poverty reduction projects generally do not know much about enterprise development. They frequently lack the basic knowledge that will allow them to understand how participatory support can be planned and coordinated.

For this reason, a short workshop (1-3 days) should be organized in order to orient the project's core technical staff. During this workshop, staff members will be trained in forest enterprise development and will receive advice on refining their work plans to include relevant enterprise development activities.

For implementing partners

Once project sites have been selected, staff will present the project to local partners and ask for their support. Having reliable partners at the local level is helpful during the implementation phase. Organizing a workshop is usually the most efficient way to inform potential partners about the MA&D process, including human and financial resources required.

For local community leaders and members

It will be useful to organize a meeting with local community leaders in order to:

- ✓ present the project and the MA&D approach;
- ✓ invite their participation in the various MA&D activities;
- ✓ request their support, especially to identify local stakeholders and key informants;
- ✓ obtain information about the general situation at the local level.

Once local leaders have agreed to take part in the project, facilitators can start their intervention. One of the first tasks will be to inform the local community about the benefits of enterprise development and the importance of safeguarding natural resources.



OUTLINE THE FRAMEWORK FOR PARTICIPATORY MONITORING AND EVALUATION

Planners need to define a framework for developing a participatory monitoring and evaluation system. Enterprise development projects should focus on monitoring the performance of individual enterprises, groups of enterprises and community-level service providers. Capacity development efforts should concentrate on monitoring the performance of individuals that have been trained so as to understand the evolution of their skill set and understand what skills and knowledge they may still need to acquire through additional training. In addition, enterprise development projects need to regularly measure project performance.



Various options for developing monitoring and evaluation mechanisms are discussed in more detail in Section C2.

FORMULATE A CAPACITY DEVELOPMENT STRATEGY

As mentioned previously, every project will have different capacity development needs, and thus will require a purpose-built strategy based on its objectives, context and resources. All projects, however, will need to train facilitators and local communities how to implement the MA&D approach. The capacity development programme should be designed by the project staff. At this stage, facilitators can be consulted but should not yet be involved in training design since they will not yet have been trained on the MA&D approach.



For further details on the capacity development programme, the selection and role of the facilitators, see Annex 8.

B3. RESOURCES REQUIRED FOR IMPLEMENTING THE MA&D PROCESS

Too often, projects engaged in enterprise development fail to estimate the necessary resources, especially when they do not include an MA&D component from the start. Limited resources usually lead to limited results and planners should be sure they have a clear vision of the necessary resources before integrating a component on small enterprise development into their projects.

Three main elements must be taken into consideration when assessing necessary resources:

- ✓ the preliminary activities that the project team should conduct before the facilitators start working with groups of potential entrepreneurs;
- ✓ the activities that will need to be carried out to support entrepreneurs in developing their enterprises (MA&D Phases 1 through 4);
- ✓ the activities the entrepreneurs will need to carry out to develop their enterprises.





The tables in Annex 10 present how to plan support to entrepreneurs and detail the necessary activities, the corresponding time estimates, the possible locations, as well as the human resources needed to implement the preliminary activities and the four phases of the MA&D approach.

It is important to note that transportation times can vary greatly according to project locations. The estimated duration of the activities listed in Annex 10 only reflect the time needed to carry out the activities themselves, excluding travel time. Readers should also be aware that estimates should be adjusted to the project's objectives and context. Moreover, the activities presented are only suggestions and should be adapted as necessary.

ESTIMATING TIME

Experience has shown that progress made by entrepreneurs depends largely on a sufficient number of visits being made by the facilitator. It is, therefore, important to define the facilitators' intervention areas in ways that will allow for frequent visits. It also means that potential entrepreneurs should be reachable via available means of transportation, or that transportation should be provided as needed.

The process goes more quickly when the facilitators are chosen from the direct actors themselves instead of from intermediary organizations whose mandates and skills are not directly related to enterprise development. Being from the site and experienced in the business or processing of tree and forest products, such facilitators are more likely to be trusted by the potential entrepreneurs. The facilitators' availability is also a key factor.

SELECTING HUMAN RESOURCES

A project in which no one has knowledge or experience in enterprise development or MA&D will require much more time and effort than a project in which individuals already have some knowledge.

TRAINING THE FACILITATORS

The MA&D approach may be taught using a variety of training activities. Different groups of participants in different circumstances will require different types of training. Experience shows that the option of spreading the training over three or four workshops allows facilitators to learn their skills gradually and is generally the most effective approach. Facilitators are guided through the implementation of the MA&D process over the series of workshops, each covering a single phase, and each followed up by on-the-job application sessions. Participants are given the opportunity to return home and practice MA&D between the workshops. This is usually a reasonable scenario since capacity development in MA&D requires a mixture of formal training, field practice and on-the-job application.





The chart in Annex 8 presents different options for training.

FURTHER PLANNING GUIDANCE

MA&D follows a logical sequence in which each step and each phase are based on the outcomes of the previous ones. Projects have sometimes learned painfully that missing some important activities can have serious negative impacts later in the process and can even compromise results.

While all the activities should be given due attention, some are of particular importance and the necessary time and funds should be allocated to them.



Further planning guidance is presented in Annex 9.



SECTION C

Implementing
the Market Analysis
and Development process

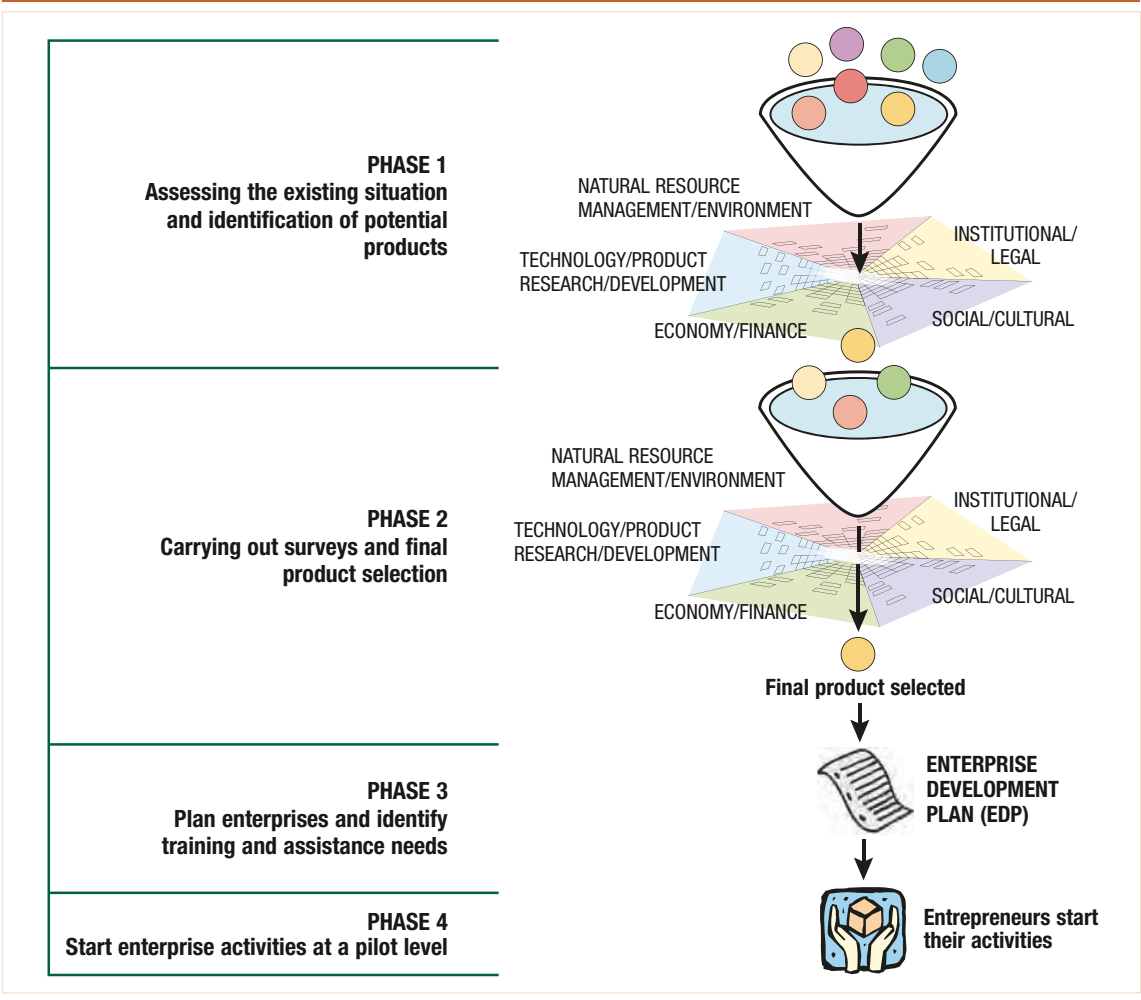
SECTION C

Implementing the Market Analysis and Development process

C1. FACILITATING THE MA&D PROCESS IN THE FIELD



The diagram below gives an overview of the overall flow of the implementation process.¹ Please refer to the MA&D Field Facilitator Guidelines for additional information on the practical tools used by field facilitators and entrepreneurs during the implementation of the various steps of the process.



¹ One of the core principles of MA&D is sustainability. To support the development of sustainable enterprises 5 areas of business development are 'screened' during the MA&D process – meaning: data from these areas is collected and analyzed. The five areas include: market/economy, natural resource management/environment, social/cultural, institutional/legal, and technology/product research/product development.

C2. MONITORING AND EVALUATION

MA&D takes a participatory approach to monitoring and evaluation. Project staff, facilitators and entrepreneurs play an active role in the M&E process. All participants maintain records concerning their activities, analyse progress and use the information to make decisions about capacity development needs and project implementation. Information collected for M&E purposes should be shared with everyone so that fully informed decisions may be made.



The tables in Annex 11 focus on the monitoring of enterprise development processes, and present detailed examples of outputs, indicators, and sources of verification that projects can use to monitor the capacity development and implementation of MA&D for enterprise development support.

The reader should be aware that these examples should be adjusted as necessary to ensure coherence with the objectives and activities of each project.

INFORMING THE PROJECT MANAGEMENT TEAM

The collected data is analysed in order to update the project management team and to make any needed changes. Monitoring indicates whether project activities are running as planned, whether some facilitators are applying the process better than others and/or whether some entrepreneur are progressing slower than others. Monitoring also allows for decisions to be made as to the need to modify some objectives or activities and the corresponding indicators. Data may reveal that some of the planned activities are not realistic and should be changed. As the project progresses and the situation changes, it is recommended to check whether the indicators still make sense.

Decisions about changes should be made by the group of entrepreneurs, the project staff and project partners. The resulting modifications can then become the basis for a new plan. The monitoring team should analyse and discuss data regularly. If the amount of information to be collected and analysed is large, the monitoring team might be split up into subgroups. Data will then be consolidated and analysed in larger monitoring group meetings.

When a project encompasses several sites, data will be aggregated, usually on a monthly basis.

EVALUATING THE IMPACT

Qualitative indicators should be developed and a baseline survey conducted in order to allow for the measurement of any changes in the perceptions and capacities of the entrepreneurs regarding enterprise development as well as changes in environmental and social conditions that may arise from the project. This survey should be carried out with the potential entrepreneurs during the early stages of the project and subsequently followed up with a similar survey at the end of the project.





An example is provided in Annex 11 of an impact assessment tool for measuring changes in perception and the capacity of the entrepreneurs who are participating in the activities of an enterprise development project.

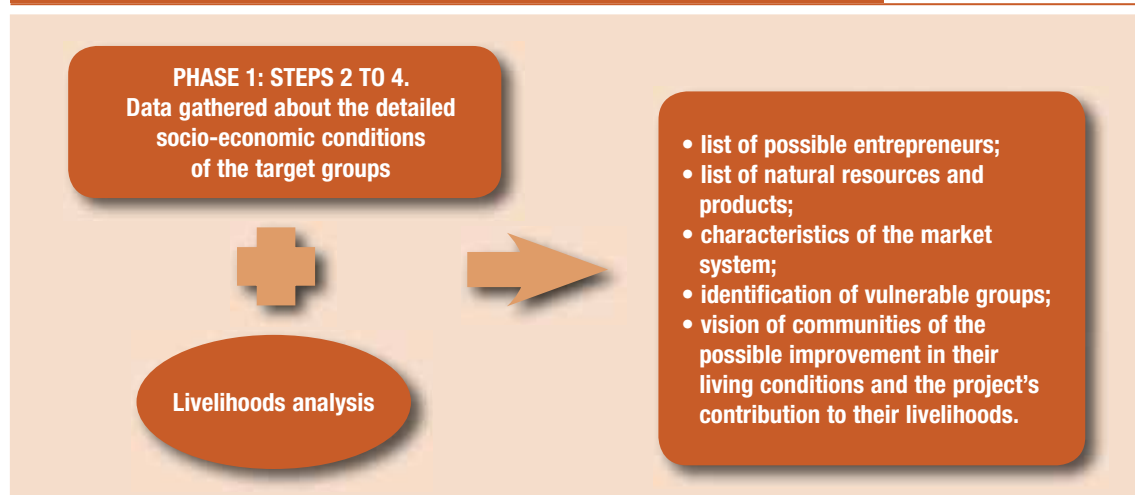
BASELINE DATA

Baseline data is measured by a survey done before a project begins. The survey provides a picture of the situation at a given time. This information is particularly important for monitoring and evaluation as it allows for the project's impact to be measured.

The baseline survey can either be conducted before initiating design of the enterprise development component of the project, or in combination with the first phase of the MA&D process. The second option is better for projects with limited time and resources. This option will be described later in this section.

A livelihoods analysis can be used to get an initial picture of the capabilities, assets, and activities that enable people to meet their basic needs. This includes their relationship with their environmental, economic, political and cultural context. The analysis involves collecting data and evaluating the current status of the home economy as well as the social and environmental context in order to measure future changes. It is easy to insert a livelihoods analysis into the implementation of Phase 1 since all components required for a baseline survey are already in place. The members of the groups of potential entrepreneurs who are trained in collecting data during the livelihood analysis can easily collect additional data later as part of the preparatory phase of MA&D. Having a trusting setting is essential for gathering information about people's livelihoods and usually significant resources are required. However in this case, it may be easier since the MA&D facilitator is in regular contact with the community and is in the position of building a long-term relationship with them.

Information that may be obtained by combining data collection in Phase 1 with a livelihoods analysis



To add an assessment of community livelihood aspects, the facilitator will need to learn about the specific tools for livelihoods analysis and apply them to the sample of community members identified as a result of Step One of Phase 1 (see existing information available through websites such as that managed by Eldis: <http://www.eldis.org/go/topics/dossiers/livelihoods-connect/what-are-livelihoods-approaches/training-and-learning-materials>).

C3. HINTS ON CORRECTIVE MEASURES AND SOLUTIONS

This manual aims to provide general guidance applicable to a wide range of projects and contexts; however it can neither capture all possible problems nor provide all possible solutions. Nevertheless, MA&D users often face similar challenges and have come up with some effective measures for addressing them.

A problem refers to anything that prevents the achievement of the expected outcomes of the project, including anything that prevents the entrepreneurs and those who assist them at various levels (facilitators, project staff, NGOs, local government agencies, private organizations and others) from developing their capacity to plan, implement and replicate the process. The causes could be faulty project design, planning, implementation of activities, or other unpredictable factors. These causes can be detected at different stages of the project:

- ✓ by the facilitator and other field team members during implementation;
- ✓ by the monitoring conducted during the project; and/or
- ✓ through the evaluation phase conducted at the close of the project.

The sooner that problems are detected, the more time there will be to apply corrective measures before the problems get worse or become irreversible.

The follow is a brief catalogue reflecting some of the 'hints' that have been acquired over years of implementing MA&D.



Problem: the time for the project is not ripe

Hint: Delay the start of the project and work on creating minimal conditions if:	<p>The sub-sectors selected for project, for example NTFPs, are not high priorities for the national administrative institutions or political authorities. Consequently, legal formalities are lengthy, permits are difficult to obtain or the target group cannot benefit from financial incentives.</p>
	<p>The project has adopted a participatory approach in collaboration with local NGOs but has not involved the provincial or district administrative institutions, which feel excluded from the decision-making process. As a result, they tend to disrupt the project.</p>
	<p>The project partners have different views on the approach that should be adopted. Lack of consensus may lead to internal misunderstanding or conflicts slowing down or even compromising the project's objectives.</p>
	<p>Project management staff do not understand the situation for enterprise development in the country. As a result, facilitators are not properly supported and strategies are defined on an uneven basis.</p>
	<p>Organizations or institutions involved in the project do not have adequate human resources available and/or the staff does not have the basic required experience in enterprise development.</p>

The project lacks an enterprise development or MA&D specialist

Hint: Hire an enterprise development or MA&D specialist if:	<p>The products chosen for support by the project are based on a low stock of natural resources or the target group only has limited access to them.</p>
	<p>The community has not yet been exposed to enterprise development or does not recognize the benefits they could receive from commercializing tree and forest resources.</p>
	<p>The partner organization has allowed the villagers to develop products for which they have not fully assessed the market demand.</p>
	<p>The project budget covers technical support for developing small enterprises but has not yet identified or raised funds for entrepreneurs to get started with their operations, meaning the responsibility for raising or committing capital investment funds by the potential entrepreneurs must still be undertaken.</p>
	<p>The project does not include a strategy for financing the initial capital needs of the enterprises.</p>
	<p>The project has overestimated the returns compared to the available resources.</p>



Project manager lacks the necessary experience and networks

Hint: Engage in a collaboration with partners who have the necessary knowhow, networks and experience if:	The project deprives the community of a resource needed for subsistence by letting them market products based on this resource.
	Local communities have conflicts over limited resources.
	The project may deprive rural entrepreneurs of higher incomes by encouraging the domestication of a forest resource with a lower commercial value than the resource managed in the forest.
	The project supports the production of goods for export markets in which they aren't competitive.
	The entrepreneurs want to use a community resource privately, reducing the community's income and control over the resource.

GAPS IN PLANNING AND UNEXPECTED EVENTS AFFECTING IMPLEMENTATION

A number of problems or unwanted outcomes may arise from inappropriate planning.

Find below a number of frequent problems together with their possible solutions.

PROBLEM	POSSIBLE SOLUTION
Project staff and partners are not involved in project design process, which results in an impractical or unrealistic action plan.	Project staff and partners need to be involved throughout the whole MA&D process.
The project has identified field facilitators but has not appointed a technical specialist in enterprise development or MA&D to coordinate this component of the project.	Appoint one or more project staff members with some familiarity with the topic and train them thoroughly.
Project staff lack the basic knowledge to plan and coordinate participatory support to tree and forest product enterprise development.	Organize a short workshop to orient the project's core technical staff on forest enterprise development.
Project activities stop when the project ends because the facilitators and staff that implemented the project were recruited externally and leave.	Project partners (NGO, government, producers and trader organizations) should be chosen for their interest and broad mandate in forestry and/or in enterprise development and they should train their own staff as facilitators.
When starting field implementation, facilitators do not know the limits of their work site, nor the group of potential entrepreneurs that the project intends to serve.	Pilot/field sites should be clearly identified before training starts so that participants can plan their activities in relation to the work sites.

Continued on next page



PROBLEM	POSSIBLE SOLUTION
Access by the local population to tree and forest resources is restricted in the chosen site or the quantity of resources available to harvest is limited.	Site selection should be reviewed and refined.
Facilitators who have been trained in MA&D have been replaced by individuals that have not been trained in MA&D.	Efforts should be made to reduce staff turnover during the project.
Facilitators and potential entrepreneurs do not have access to the MA&D materials because they are not available in the local language.	Funds for the adaptation and translation of training materials need to be included in the budget.
Local government and other partners in the region do not support the project activities because their staff members have not received support from the project.	Organize workshops to sensitize local government partners and involve them in the development and implementation of project activities. Make sure to include support for this in the budget.
Traditional, administrative and/or political and community leaders are not fully informed about the project and may not fully support it.	Take the necessary time to explain the project to local leaders, invite them to participate and request their support.
A baseline survey was not conducted prior to initiation of the MA&D activities, or a baseline survey was conducted but lacks sufficient information to be useful to project staff in comparing the enterprise development activities to the baseline survey.	Carry out a livelihood analysis during Phase 1 of the MA&D process.
The community does not accept or has low confidence in the facilitators because they do not communicate easily with them and/or lack adequate facilitation skills.	Unskilled facilitators can have a devastating impact on project outcomes. Facilitators should be selected carefully. Train any facilitator involved in the MA&D approach in participatory facilitation skills.
Facilitators do not use the correct tools during the process and transmit incorrect information to entrepreneurs.	Facilitators should receive sufficient training on each phase of the MA&D process. They should study the training materials and have enough time for practical training.
The local implementing partners and their facilitators cannot implement the MA&D process.	Dealing with underperforming partners and facilitators should be addressed at an early stage. The project management team needs to carefully identify each partner's strengths and weaknesses and adapt their expectations and approach accordingly.



ACTIVITIES HAVE BEEN PLANNED CORRECTLY BUT IMPLEMENTATION GAPS OCCUR

MA&D is a useful framework for community-based enterprise development. However, like any other tool, it can be used in an inappropriate manner. Below are examples of problems that might affect the implementation of MA&D and some possible solutions for addressing them.

IMPLEMENTATION PROBLEM	POSSIBLE SOLUTION
The enterprise development team (EDT) has spent too much time and effort following every step of the MA&D process even though it is specified that some steps can be skipped or condensed as appropriate.	MA&D materials are not intended to be blueprints, but to be flexible and applied in critical and creative ways.
The facilitators use the tools in a non-participatory way.	The activities of the facilitators and entrepreneur need to be monitored closely. One of the reasons for inappropriate use of the tools might be an insufficient amount of time allowed for the exercise, leading the facilitators to fill in the forms on behalf of the entrepreneurs.
The facilitator is under pressure from the partner organization to obtain a specific outcome and the products selected during Phase 2 serve the agenda of a sector-oriented project or organization rather than that of the community.	If it is not clear from the start that the project should focus on a specific product, then facilitators should abide by the villagers' choice.
The community leaders and members regard the enterprise development project as if it were another assistance-oriented intervention.	The difference between the enterprise development approach and income generating activities included in other development projects must be clarified.
The process is lengthened due to lapses by the implementing organization or project management. Often, the entrepreneurs are ready to move to the next stage of the project, but the facilitator does not have the necessary transportation to reach them, payment of field allowances are delayed or the facilitator is overloaded with work.	Indicate clear priorities so that facilitators are able to manage their time accordingly and do not unnecessarily raise the villagers' expectations in terms of timing.
The facilitators and community perceive the training as overly lengthy because other workshops and trainings are taking place at the same time, even though they do not belong to the MA&D process.	Clarify which training courses are related to enterprise development. When possible, adapt and shorten the process.
Delays are experienced in obtaining financing, such as microcredits.	Explore alternative means of financing the project such as organizing savings and credit groups.
The situational analysis has led to unrealistic planning.	The Enterprise Development Team (EDT) and the facilitator should emphasize the importance of realistic planning and budgeting.



Carefully selected and trained staff (especially facilitators), good planning and sufficient time and resources will increase the chances of reaching a project's objectives.

When a problem is detected, the EDT and partners should assess what went wrong in order to come up with coping strategies that can address or minimize the problem.

It can also be useful to learn about the solutions adopted by others by networking with groups that have experience with the MA&D process in other projects and countries. A list of projects and persons that may be contacted for this purpose may be found at <http://www.fao.org/forestry/enterprises/en/>.

ADDITIONAL CONSIDERATIONS FOR SUCCESSFUL PROJECT DESIGN

- ✓ Avoid encouraging small entrepreneurs to produce something unless the potential market demand has been checked and confirmed.
- ✓ For small entrepreneurs to be independent and operational at the end of the project, it is critical to avoid direct financial subsidies or other direct services to the entrepreneurs. Instead, it is better to facilitate the development of links between entrepreneurs and services providers or commercial partners.
- ✓ The necessary preliminary surveys should be conducted before planning the project in order to obtain an initial overview of market demand, as well as potential key stakeholders and service delivery organizations. The MA&D approach cannot produce good results if it has not been preceded by a thorough situational analysis, including a stakeholder analysis.
- ✓ Facilitators should be selected carefully. Facilitators from institutions working in the subsectors involved in the project or who have some familiarity with the concerned subsectors and the legal environment are preferred.
- ✓ Data collected during Phase 2 should be comprehensive since it will be used to provide information on the markets and to select enterprises.
- ✓ Small entrepreneurs should be encouraged to form representative associations or umbrella organizations in order to gain a stronger voice in the market and in national policy processes.



ANNEXES

ANNEX 1

Examples of successful applications of the MA&D approach has been used

COLOMBIA: EXAMPLES OF SUSTAINABLE ENTERPRISE DEVELOPMENT TO COMMERCIALIZE BIODIVERSITY PRODUCTS

Faced with declining coffee prices and environmental degradation, Colombia is tapping 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 and the Alexander von Humboldt Research Institute, to integrate the MA&D approach into the institute's Bio-commerce Programme.

The objective of the Bio-commerce Programme is to develop and implement instruments that can support the sustainable production and commercialization of biodiversity products. Between 2002 and 2004, the MA&D approach was pilot-tested in three departments:

- ✓ In Quindio, the National Park of los Nevados hosts several plant species in danger of extinction, urgently requiring the sustainable management of resources. Farmers living in the buffer zone of the park were suffering from decreasing coffee prices. Using the MA&D approach, they were able to select five species of *Heliconiae* flower plants and three species of decorative leafy plants, allowing them to develop new enterprises based on these products and to identify strategic alliances for getting financial and technical support.
- ✓ In Guajira, three indigenous communities involved in the illegal capture of protected marine turtles adopted the cultivation of sea algae. The MA&D process enabled them to assess their existing situation, to elaborate a business plan and to get cooperation from the regional authorities for the development of their enterprises.
- ✓ In Santander, aromatic plants and natural dyes were identified as viable products for enterprise development. The project stresses women's role in the society and stimulates the sustainable exploitation of natural resources. A private company is providing technical advice.

BURKINA FASO AND MALI: 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 to promote micro and small forest enterprises in order to improve the living standards of rural communities while protecting natural resources.



Non-wood forest products (NWFP) were chosen because they have been used by communities 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 and Tree Aid trained regional supervisors and local facilitators to teach and implement the different phases of the MA&D approach.

As a consequence, communities started to implement the MA&D approach to select sustainable NWFP, establish their enterprises, improve their technical capacities and create partnerships.

THE GAMBIA: CAPACITY DEVELOPMENT IN COMMUNITY-BASED FOREST ENTERPRISE DEVELOPMENT

The formerly dense forests of Gambia have been degrading for decades due to large-scale destruction by bushfires and the overexploitation of forest resources.

In the 1990s, the government of Gambia resolved to adopt a participatory approach to forestry management. In 2000, The Gambia Forestry Department identified the MA&D approach as coherent with its community forestry approach and introduced it in three territorial divisions. This became the basis for the Technical Cooperation Programme project signed in 2002 between the Gambia Forestry Department and FAO. The main objective was to train Forestry Department staff in the MA&D approach so that they could help community members to identify and develop trees and forest product-based enterprises.

During this project, Forestry Department staff helped communities to collect market information and to select products such as honey, timber/logs, firewood, ecotourism and handicrafts. Some of these products were previously not considered by the communities to be valuable.

As a result the MA&D approach has been integrated into the National Forestry School's curriculum and is now part of the Forestry Department's Community Forestry Implementing Guidelines.

For more examples consult the FAO website: <http://www.fao.org/forestry/enterprises/25494/en/>



ANNEX 2

Additional notes on MA&D core principles

1. MA&D PROMOTES SUSTAINABILITY:

- ✓ MA&D ensures that the exploitation of natural resources is sustainable, meaning that the ecosystem in which they grow is preserved and resources can be harvested indefinitely from a limited area of forest or else domesticated on farmland. Developing markets for these products will not lead to overexploitation.
- ✓ MA&D ensures that the activities and benefits of the enterprises are equitable and gender balanced, do not harm disadvantaged members of the community and do not create social conflicts.
- ✓ MA&D ensures that the enterprise activities are in line with the country rules and regulations. Entrepreneurs are encouraged to adopt appropriate institutional frameworks that will promote successful enterprise activities.
- ✓ MA&D ensures that the market is sustainable by guaranteeing access to market information. Entrepreneurs can stay abreast of policies influencing the distribution of their products and remain competitive by adapting their products accordingly.
- ✓ MA&D ensures technological sustainability by choosing equipment that matches the needs of the enterprise and is adapted to local conditions. In a sustainable system, users know how to use the equipment properly, how to maintain it if needed and how to upgrade it when more efficient technology becomes available.

2. MA&D DIFFERENTIATES TREE AND FOREST PRODUCTS FROM AGRICULTURAL PRODUCTS

TREES AND FOREST PRODUCTS	AGRICULTURAL PRODUCTS
Grow in the wild	Are sown or planted
Come from complex ecosystem	Come from less diverse and fragile ecosystems
The rights and ownership of land users are often at issue	The rights and ownership of land users are not usually at issue
Obtained from common lands implying group decisions	Obtained from private lands allowing individual decisions
Open access	Controlled access

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TREES AND FOREST PRODUCTS	AGRICULTURAL PRODUCTS
Managed by the Ministry of Forests, which regulates the protection of the forest	Managed by the Ministry of Agriculture, which provides services to farmers to increase production
Grow often over relative short periods in a specific season	Regular production cycles
Grow in forests far from markets and good roads	Closer to markets and transportation means
Collected in small quantities by large number of collectors	Produced in larger volumes by individual farmers
Little support for marketing	More support for marketing
More limitations due to quotas	Few limitations due to quotas
Frequent illegal trading	No illegal trading
Entrepreneurs of tree and forest products cannot use lands as collateral for loans, financing and other services due to a lack of tenure rights	Entrepreneurs of agricultural products can use lands as collateral for loans, financing and other services

HOW DO THESE DIFFERENCES AFFECT THE MARKETING OF TREE AND FOREST PRODUCTS?

- ✓ Regulations over harvesting and benefit-sharing mechanisms have to be agreed by the community.
- ✓ Information is scattered and informal therefore more difficult to obtain.
- ✓ Enterprises are small-scale.
- ✓ Transportation costs are high.
- ✓ More effort to create links to business services providers is required.

3. MA&D ENCOURAGES THE FORMATION OF STRATEGIC ALLIANCES

When developing a product, the MA&D process considers its entire subsector. For that matter, entrepreneurs need to identify and link to partners in order to reinforce their positions in the sector. For example, the establishment of a cooperatively owned and managed cold-storage facility in a district centre could benefit many small groups of producers scattered throughout the area. This option is preferable to building small storage facilities in each village.

Entrepreneurs can develop alliances to:

- ✓ negotiate technical assistance or business development services;
- ✓ negotiate purchase contracts between producers and manufacturers;
- ✓ arrange financial support contracts or short-term loans for working capital with local banks or the private sector.



ANNEX 3

Overview of the market demand at national level

A fundamental element of the MA&D approach is the identification by villagers of the products that will best suit their economic situation while ensuring the sustainable use of the resources. To estimate the demand for a product, it is useful for project staff to carry out a survey at the national level.

The aim of the survey is to identify	the type of natural resources and natural resource-based products traded in the country, and the most important production sites;
	the demand for a product and its value and product management strategies;
	the stakeholders involved in production, the processing and the trading of natural resources and natural resource-based products, their priorities and concerns and the role of the resources in the community's livelihood strategies
	the geographic profile of the population and the local administration (maps, statistics, etc.);
	the priorities and concerns of the sectors to be developed from the perspective of the main governmental players;
	the policy framework for extraction, management, transportation, processing and trading natural resources and natural resource-based products (including tax policy) in the country;
	the existing value-added operations in the country;
	the local living conditions and means of transportation.

Compiling a general overview of the situation should not take much time since local organizations are generally familiar with these issues or have easy access to the necessary information.

Once collected, the survey information should be analysed to define the opportunities and constraints of the local situation as seen in the boxed example below.



OPPORTUNITIES

The government has prioritized several NTFP for focused support.

Local forest products and NTFP make a significant contribution to the economy of the rural poor.

There are several research institutes working on the domestication and classification of NTFP.

There have been a number of workshops and reports already published on marketing local NTFP.

Trade channels exist for few NTFP.

Local population have access to NTFP and can profit from them.

There is a high market demand for resources in the project area.

CONSTRAINTS

Governments influence the price of forest products by fixing royalties or by banning certain products either from collection or from export in raw form.

A few buyers trade forest products in large volume, effectively controlling the market.

Producers/collectors (or village traders) lack current price information.

Price fluctuations are common and prices are influenced by remote production and collection sites.

Distances between collection sites and markets are great, resulting in the need for a variety of intermediaries, expensive and unreliable transportation.



ANNEX 4

Tips on adapting and translating the Process Map and the Field Facilitator Guidelines

SPECIFIC COUNTRY OR CONTEXT RELATED MATERIAL

Parts of the MA&D materials need to be adapted to the local context so that participants can relate to them. Examples of country or context related information include local names of tree and forest products, case studies, group norms, physical energizing activities, etc.

SPECIFIC MA&D TERMINOLOGY

The MA&D terminology has been carefully selected to be consistent with the philosophy of participatory methodologies and to avoid some of the preconceptions towards conventional extension methods. Avoid using conventional terms even if these are better known as they have the wrong connotations.

Certain terminology or words used in this manual may not exist in the local language. To deal with these terms one can:

- ✓ Replace them by local terms with similar meanings.
- ✓ Make up a new word in the local language and explain its meaning.
- ✓ Use the original English term and describe the meaning in the local language.

TRANSLATING THE MA&D MATERIALS

The best option is to choose a translator with excellent translation skills as well as local MA&D field and training experience. However, if such a person is not to be found, identify a number of individuals who together combine these qualities.

ADDRESSING RESISTANCE TO THE MA&D APPROACH

Translating concepts which may run counter to the current cultural context can be a real challenge. On the one hand, it is important to bring about change, but it is also important to avoid creating too much resistance to that change. This requires a fine balance. More often than not, there will be some resistance to the facilitator's role as it is very different that of the traditional extension worker. This resistance must be overcome as the role of the facilitator is a key component of the MA&D process.



ANNEX 5

Checklist of information needed to survey the region (province/district) where the project is located

This information can be collected from officials in government agriculture and forestry agencies, from development organizations and from lending officers at local banks.

GENERAL INFORMATION ABOUT THE PROVINCE/DISTRICT

- ✓ Where are the urban and market centres?
- ✓ Where are the airport and the main highways?
- ✓ Is there a functioning mobile telephone network?
- ✓ What are the most important external markets and market centres where provincial products are sold (including cross border trade)?
- ✓ What does the market chain look like in markets within and outside the province?
- ✓ What are the most important natural resources and products to be found in the province? Are there existing markets for them? What are their comparative advantages?
- ✓ What are the main enterprises in the province? Are they owned by people that originate from the province?

INFORMATION ABOUT POTENTIAL SERVICE PROVIDERS/BANKS AND MICROFINANCE INSTITUTIONS

- ✓ What banks are present in the province/districts and where are they located?
- ✓ What microfinance institutions (MFI) are present and where are they located?
- ✓ What is the smallest size of loan available?
- ✓ What is the interest rate?
- ✓ What collateral do MFI require?
- ✓ What are most of the loans used for?
- ✓ What is the percentage of non-performing loans?
- ✓ Do MFI serve many small businesses in the agricultural or forestry sectors?
- ✓ Have trends in investments changed during recent years?
- ✓ Are MFI interested in linking up with this project?
- ✓ Do MFI have enough cash to make new loans?



INFORMATION ABOUT POTENTIAL TECHNICAL AND ADMINISTRATIVE SUPPORT PROVIDERS

- ✓ What is the expertise available in this province with regard to cash crops, agroforestry, timber, NWFP, livestock, fisheries etc?
- ✓ Are the offices of these experts equipped with computers? Are individuals computer-literate?
- ✓ How many staff members are working in each district and what are their specific skills?
- ✓ Where are the local or regional government offices in each district?
- ✓ How many villages are included in the area of each facilitator?
- ✓ How often do staff members visit the villages in their areas?
- ✓ How often do staff member get transferred to other provinces?
- ✓ Are there any schools of higher education in the province? Where are they located? What subjects do they teach?

INFORMATION ABOUT OTHER ORGANIZATIONS IMPLEMENTING PROJECTS IN THE PROVINCE

- ✓ Where are the current project sites located?
- ✓ What is the composition of the staff at the field level?
- ✓ What opportunities does the project offer for enterprise development?
- ✓ How can an organization become involved in a MA&D project if the MA&D potential entrepreneurs select a site for their enterprise development activities on which the organization is already carrying out other development activities?

LEGAL MATTERS

- ✓ How can entrepreneurs get investment capital?
- ✓ Are there mechanisms for companies, partnerships, corporations and cooperatives to acquire legal status? Should the various types of legal status be registered at the same office? What are the rules governing the registration of each type of legal status for enterprises?
- ✓ Is the implementing organization legally registered? What are the terms of this registration?
- ✓ Do entrepreneurs pay tax?
- ✓ Is there any governmental support or incentives for micro and small businesses?



ANNEX 6

Checklist of information needed to identify project sites

WHEN THE SITE HAS NOT YET BEEN SELECTED

After project staff has developed an inventory of potential sites based on the regional overview, they should call for a meeting with project management and local stakeholders. During the meeting, criteria for site selection are agreed and sites are short-listed based on the criteria. Short-listed sites are visited to finalize the selection.

POSSIBLE CRITERIA FOR SELECTING SITES

The type of site location desired should be implied by the project objectives (lowland or mountain areas, urban or remote rural areas), as well as the characteristics of the ecosystems (forest land or agricultural land), and the type of population (ethnic group, or nomadic or sedentary groups). These elements become the criteria for selecting the site.

For example, if promoting tree and forest products for conservation and rural development were a goal, then the criteria for site selection would include a forested area and a population dependent on tree and forest products. If the development of income-generating activities for women based on tree and forest products is a goal, then it is necessary to select a site where a high percentage of women are involved in tree and forest product activities, and where there is a tradition of women organizing themselves into groups or associations.

In some cases, a particular product may already have been identified; the criteria for the site selection would then include such aspects as proximity to the product, amount of product available and the current use of the product.

The MA&D process can be used in a variety of contexts. For instance, in some cases, a project site may have already been selected as an existing group of potential entrepreneurs has expressed interest in marketing a specific product. For example, imagine an existing group of farmers asking for support from an institution or organization to process rattan into baskets. In this case, the project site and group of potential entrepreneurs has already been established already, making it unnecessary to going through the process of defining a project site.



ADDITIONAL RECOMMENDATIONS

Avoid selecting a site on the basis of convenience. Projects and programmes often chose sites because they are conveniently located near a road or large town. Site selection should be based on criteria identified in the goals and objectives of the project, as described above.

Visit likely sites to explain the purpose and process of MA&D. Ensure that potential entrepreneurs understand that they will be asked to provide details about their household economies and natural resource management. Remember that the community has the right to decide not to participate in the project.

CHECKLIST OF QUESTIONS THAT PROJECT MANAGERS COULD INVESTIGATE DURING THE SITE IDENTIFICATION PROCESS

- ✓ Which districts and villages have the most important tree and forest products trade in the province? What products are being traded? With whom? Where are the products sold?
- ✓ Are there any tree and forest products/cash crop traders or processing/packaging businesses in the provincial centre? Are they owned by locals or by outsiders? Where are the tree and forest products resources sourced?
- ✓ Are there any protected areas in the province? Are there villages around or inside these areas? Are the resources threatened?
- ✓ What are the constraints to access to forest resources by local communities?
- ✓ Is there any community forestry in the province? Are there villages with tenure rights to forests?
- ✓ Is there any domestication of tree and forest products? Where?
- ✓ Are there any important cash crops/tree crops?
- ✓ Are there any minority groups in the province? What are their socio-economic conditions? Do they collect tree and forest products? From where?
- ✓ Are any villages growing illicit crops?
- ✓ In which districts have projects already worked or are currently working? What type of projects? What was the impact? Are there any mobilized groups or user groups in those areas?
- ✓ Is there a women's union in this Province?
- ✓ Are there any recommendations as to locations where MA&D projects could be implemented?



ANNEX 7

Facilitators and Enterprise Development Specialist – roles and responsibilities

The main roles and responsibilities of the project's Enterprise Development Specialist and of the facilitators are as follows.

ENTERPRISE DEVELOPMENT SPECIALIST	FACILITATORS
<p>Coordinate field activities.</p> <p>Create synergies with other initiatives, projects, programmes working in the project sites or with similar products.</p> <p>Assist the consultant facilitating training courses or surveys.</p> <p>Support the facilitators in organizing training courses, stakeholder meetings or other projects activities.</p> <p>Contribute to the design of support strategies for entrepreneurs.</p> <p>Ensure appropriate communications between facilitator and the other project partners.</p> <p>Contribute to data gathering and compiling the initial and provincial overviews.</p> <p>Develop participatory monitoring and evaluation guidelines with the facilitators.</p> <p>Ensure the communication and dissemination of information gathered by the project.</p>	<p>Introduce project to key stakeholders, community leaders, and representatives of organizations active in the community.</p> <p>Act to align directives of support organizations.</p> <p>Allow equal participation of all potential entrepreneurs during the MA&D process.</p> <p>Explore mechanisms for linking entrepreneurs to microfinance institutions.</p> <p>Prepare questionnaire formats and train entrepreneurs.</p> <p>Help organize MA&D workshops.</p> <p>Facilitate the establishment of interest groups amongst entrepreneurs.</p> <p>Develop mechanisms to share market information.</p> <p>Facilitate the resolution of conflicts.</p> <p>Explore ways of establishing sustainable links between entrepreneurs and service providers.</p> <p>Ensure that capacity building takes place in the community.</p> <p>Develop mechanisms for the community to store and access information.</p> <p>Provide coaching and encouragement to entrepreneurs.</p> <p>Develop good connections with authorities, local NGOs, local and national businessmen.</p>



ANNEX 8

Options for training project staff and facilitators

Capacity development programmes will vary according to the project objectives, context and resources but generally they will include one, several, or sometimes all of the following components.

OPTION 1:
Training for decision-makers to raise awareness about MA&D

This training consists of a brief exposure to MA&D with the purpose of raising awareness and understanding. It is meant for relatively senior staff members who will not implement MA&D, but need to understand its purposes and requirements in order to support it and encourage its use. This type of MA&D training does not involve a field component.

OPTION 2:
3-4 weeks training for field facilitators
Conceptual sessions alternate with days of practice

This training is for field facilitators. It can be taught in an intensive 3-4 week session. Participants review all the phases and steps of MA&D. Theoretical sessions alternate with days of practice on project sites. This option is often preferred for practical reasons when participants come from different provinces. However, after this type of training, field facilitators will need follow-up support from the trainers or other people experienced in MA&D.

OPTION 3:
Training is divided into 3-4 workshops
Field facilitators apply their skills gradually

This training includes a series of 3-4 workshops, each covering just one phase at a time and each followed by on-the-job application sessions. It provides the opportunity for participants to practice MA&D in several stages. Experience shows **it is the most appropriate scenario.**



Option 3 is usually the most appropriate



Capacity development in MA&D requires participation in formal training courses mixing basic theory and field practice, as well as on-the-job application. This approach is more than training; it concretely prepares participants to implement the MA&D approach.

This approach may be perceived as overly lengthy by facilitators and villagers; however, considering the aims and content of the approach it is well worth the time that it takes.

A common constraint is that facilitators are usually overloaded with many tasks and tend to delay their field visits, slowing down the MA&D process for the entrepreneurs. As a result, some projects prefer to complete the overall training as proposed in Option 2, speeding up the implementation phase.



In Gambia, 14 facilitators and coordinators and nine employees from the Forestry Department were trained in using the MA&D approach. The Forestry Department then developed a module for MA&D and integrated it into the curriculum of the National Forestry School, ensuring that the future forestry staff will use the MA&D principles, methods and tools in their support to the local population. MA&D activities have become part of the field activities of the staff members of the Forest Department.



ESTIMATED TIME FOR IMPLEMENTING OPTION 3

TRAINING PHASE	ACTIVITIES	DURATION
Workshop 1	Introduction to the MA&D process and Phase 1 – conceptual sessions alternated with field sessions	Four to six days
On the job application	Field implementation of new methods and tools for Phase 1	Four to seven days per site
Workshop 2	Introduction to Phase 2 of the MA&D process	Four to six days
On the job application	Field implementation of new methods and tools for Phase 2	Four to seven days per site
Workshop 3	Introduction to Phase 3 of the MA&D process	Two to four days
On the job application	Field implementation of new methods and tools for Phase 3	Four to seven days per site
Workshop 4	Introduction to Phase 4 of the MA&D process	Two to four days
On the job application	Field implementation of new methods and tools for Phase 4	Four to seven days per site



ANNEX 9

Detailed description of resources needed for MA&D implementation

RESOURCES FOR THE PRELIMINARY ACTIVITIES



Preliminary activities are presented in detail in the Introductory Module to the Field Facilitator Guidelines.

ACTIVITIES AND LOCATION	PERSONS RESPONSIBLE OR INVOLVED	ESTIMATED DURATION
Project office <ul style="list-style-type: none"> Set realistic objectives. Identify partner organizations if needed. Initiate selection of trainers. 	Project management team	One week
Project office or field facilitator office or subcontracted organization office. <ul style="list-style-type: none"> Adapt the MA&D materials to local language and needs. 	The project management and/or facilitators and/or field organization (INGO or NGO)	A month
Project field sites or projected sites <ul style="list-style-type: none"> Conduct survey of informants in government's agriculture and forestry agencies, development organizations and lending officers at local banks. Compile a brief overview of opportunities and constraints for enterprise development in the region. 	The project management and staff members	Two to four days
Project office <ul style="list-style-type: none"> Organize a meeting at selected sites. 	The project management team with local stakeholders and key informants.	One day

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ACTIVITIES AND LOCATION	PERSONS RESPONSIBLE OR INVOLVED	ESTIMATED DURATION
At each project site <ul style="list-style-type: none"> Organize orientation training for the project staff. Organize MA&D sensitization workshops for potential partners so that they have realistic expectations and establish clear commitments on their contributions. 	The project management team and the trainers The project management and other government and non-governmental implementing partners	One day per site
At field sites <ul style="list-style-type: none"> Introduce the project to community leaders and members so that they are aware of the project 	The project management with community leaders and members	One-half day per field site
Project office <ul style="list-style-type: none"> Outline the framework for participatory monitoring and evaluation guidelines. Formulate the capacity development strategy. 	The project management team The project management team	

RESOURCES FOR PHASE 1: ASSESSING THE EXISTING SITUATION



Activities for Phase 1 are presented in detail in Module 1 of the Field Facilitator Guidelines: Assessing the existing situation.

STEPS	ACTIVITIES AND LOCATION	PERSONS RESPONSIBLE OR INVOLVED	ESTIMATED DURATION
Preparing the facilitators	Training hall <ol style="list-style-type: none"> Organize the first facilitator training for Phase 1. Organize a training session to refresh facilitators' knowledge and skills on participatory facilitation methods and tools. 	The project management and the trainer	Four to six days

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STEPS	ACTIVITIES AND LOCATION	PERSONS RESPONSIBLE OR INVOLVED	ESTIMATED DURATION
Preparing the facilitators	Project office 1. Study training documents (process map, Introduction and Module 1 of the Field Facilitator Guidelines). 2. Check whether facilitators know: a. the intervention site; b. the products the project focuses on; c. the strategy to finance enterprises d. means of operation; e. how to present the enterprise development approach, particularly understanding how to present it as being different from traditional rural development projects. 3. Check that: a. the project has been introduced to the community leaders and members; b. the reaction has been positive. 4. Analyse: a. the national and regional overviews prepared by the project; b. the main rules and regulations concerning access to the products' subsector, and options for the production, transport, processing and trade of the selected product; c. the main legal options for establishing the enterprises; d. access to informal and formal finance.	Facilitator and the Enterprise Development Specialist	Two to four days
Step 1: The facilitator, in consultation with the community, identifies the potential entrepreneurs	Field sites 1. Organize a first meeting with community leaders and members to: a. present the enterprise component, clarifying the difference between livelihood activities and enterprise development; b. present the objectives, the process, and the skills necessary to engage in enterprise development. Clarify expectations about grants; 2. Ask the community members to identify members who have entrepreneurial skills and wish to engage in enterprise development. 3. Establish list of potential entrepreneurs.	Facilitator and the community leaders and members The community members The facilitator	One-half day in each site

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STEPS	ACTIVITIES AND LOCATION	PERSONS RESPONSIBLE OR INVOLVED	ESTIMATED DURATION
<p>Step 2 The potential entrepreneurs assess their capacities to become entrepreneurs</p> <p>Step 3 The potential entrepreneurs list local resources and products</p> <p>First part of Step 4 The potential entrepreneurs identify the main constraints in the market system</p> <p>First part of Step 5 The potential entrepreneurs shortlist potential products for their enterprises</p>	<p>Project office</p> <ol style="list-style-type: none"> 1. Review secondary data (e.g. existing recent PRA and data on community livelihoods; assess the importance of tree and forest products in the household economy to understand the socio-economic profile of the community. 2. Prepare a checklist of resources and products in the area. This checklist will be used by the facilitators to help them facilitate the short-listing exercise with the entrepreneurs. <p>Field sites</p> <ol style="list-style-type: none"> 1. Organize a workshop that includes: <ol style="list-style-type: none"> a. a focused group meeting in order to understand the time available for enterprise development (activity calendar), the experience and skills of the potential entrepreneurs in the production, processing and trade of tree and forest products, and their investment capacity; b. an exercise to help entrepreneurs to list existing resources and products; c. a discussion on the weaknesses of the listed resources (seen in step 3 of the previous exercise) & products. Eliminate resources and products with strong constraints; d. an activity to identify which resources and products should be eliminated because of strong barriers to enterprise development. The facilitator guides them in the short-listing exercise. 	<p>The facilitator</p> <p>The facilitator</p> <p>The facilitator and the potential entrepreneurs</p>	<p>One-half day</p> <p>One day per site</p>

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STEPS	ACTIVITIES AND LOCATION	PERSONS RESPONSIBLE OR INVOLVED	ESTIMATED DURATION
<p>Second part of Step 4 The potential entrepreneurs identify the main constraints in the market system</p> <p>Second part of Step 5 The potential entrepreneurs shortlist potential products for their enterprises</p>	<p>At district or provincial level</p> <ol style="list-style-type: none"> 1. Organize a stakeholder workshop in order to: <ol style="list-style-type: none"> a. complete the collection of information related to the five areas of enterprise development This will contribute to refining the existing shortlist of resources and products; b. facilitate a short-listing exercise in which participants validate, correct and refine the shortlist done by at the community level. 	<p>Enterprise Development Specialist and the facilitator(s) together with representatives of the potential entrepreneurs, the government, NGOs, banks, other projects working at the same site, and direct actors in the value chain of the concerned subsectors (producers, traders, processors, etc.)</p>	<p>One day in each district or province</p>
<p>Step 6 The potential entrepreneurs recognize the benefits of group work</p>	<p>Field sites</p> <ol style="list-style-type: none"> 1. Conduct a focused meeting with the potential entrepreneurs to: <ol style="list-style-type: none"> a. share the results of the stakeholders meeting and validate the short-list of resources and products that will be further surveyed in Phase 2; b. Explain what it means to become an entrepreneur, and how group work allows a stronger and more competitive position on the market. Present the various possible legal statuses for the enterprises. 2. Describe the objectives, steps and activities of Phase 2 and take an appointment for the first meeting of Phase 2 with those who will continue with the process. 	<p>The facilitator and the potential entrepreneurs</p>	<p>One-half day per site</p>
<p>Conclusions of Phase 1</p>	<p>Project office</p> <ol style="list-style-type: none"> 1. Update the secondary data (if necessary) about the livelihoods assessment and the importance of tree and forest products in household economies. 2. Compile the results of all Phase 1 activities by filling in Phase 1 report format. 3. Compile all relevant information collected in Phase 1, including an overview of the potential entrepreneurs' situation in the form of baseline data. This will be used later as a reference point for estimating the project's impact. 	<p>Facilitator</p> <p>Facilitator</p> <p>Enterprise Development Specialist</p>	<p>One to two days</p>



RESOURCES FOR PHASE 2: CARRYING OUT SURVEYS TO SELECT PRODUCTS AND IDENTIFY ENTERPRISE IDEAS



Activities for Phase 2 are presented in detail in Module 2 of the Field Facilitator Guidelines: Carrying out surveys to select products and identify enterprise ideas.

STEPS	ACTIVITIES AND LOCATION	PERSONS RESPONSIBLE OR INVOLVED	ESTIMATED DURATION
Facilitator Preparation	Training hall 1. Organize training of facilitators for Phase 2.	The project management and the trainer	Four to six days
	2. Organize a training session on data collection for market surveys (observation and interview skills).	The project management and the trainer	One day
	Project office 1. Study Phase 2 training materials (Module 2 of the Field Facilitator Guidelines). 2. Check whether: a. the potential entrepreneurs are ready to implement Phase 2; b. the short-list of resources and products is complete; c. the operating means are available for implementing Phase 2. 3. Study shortlisted resources and products to guide the entrepreneurs (the facilitator needs to know more than the potential entrepreneurs!).	Facilitator Facilitator and Enterprise Development Specialist Facilitator	Two to four days

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STEPS	ACTIVITIES AND LOCATION	PERSONS RESPONSIBLE OR INVOLVED	ESTIMATED DURATION
Step 1 The potential entrepreneurs collect data on the five areas of enterprise development	Field sites 1. Organize a workshop to introduce Phase 2 objectives and implementation steps. During the workshop the facilitator helps entrepreneurs to: <ol style="list-style-type: none"> review the results of Phase 1; identify product selection criteria; recap the information required to check these criteria. Determine which information is known and which is missing; identify the possible sources of information, assess their accessibility and define the surveys that should be conducted at the village, district or province levels; identify partners who can gather and provide information from beyond the village, district and provincial levels; set up survey teams, distribute roles and responsibilities, and decide on the time schedule. 	The facilitator with the potential entrepreneurs	One day per field site
	Project office 1. Define a plan for providing support to the entrepreneurs in conducting surveys. 2. Describe the survey process clearly and communicate a clear plan for delivering the results, before entrepreneurs select their products and enterprises ideas.	Facilitator and the Enterprise Development Specialist	One-half day for each activity
	Field site 1. Assist the potential entrepreneurs to conduct their surveys (up to the provincial level if necessary).	Facilitator	One day at each site
	Project office 1. Collect and compile information requested at the national level (this activity may range from straightforward data that the Enterprise Development Specialist can collect to more complicated market surveys that may be carried out by a consultant).	Enterprise Development Specialist and/or consultant	From a week to a month depending of the type of products and the relative complexity of their value chain
	Field site 1. Assist compilation of surveys results.	Facilitator	One day in each site
	Project site 1. Collect the national survey results in due time.	Facilitator	Varies according to the size of the project site

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STEPS	ACTIVITIES AND LOCATION	PERSONS RESPONSIBLE OR INVOLVED	ESTIMATED DURATION
<p>Step 2 The potential entrepreneurs select the most promising products</p> <p>Step 3 The potential entrepreneurs reflect on the most appropriate form of enterprises</p>	<p>Field site</p> <ol style="list-style-type: none"> 1. Organize a workshop to: <ol style="list-style-type: none"> a. share the results of the surveys conducted at the two levels with the potential entrepreneurs; b. assist the potential entrepreneurs to select the most promising products; c. facilitate a discussion on the legal options available to start an enterprise and their relative implications; d. facilitate a discussion about the different options to access capital. 2. Potential entrepreneurs select the products they want to develop and decide whether their enterprises will be on an individual or group basis. 	<p>Facilitators, project enterprise specialist and potential entrepreneurs</p> <p>Potential entrepreneurs</p>	<p>One day in each site</p> <p>May take one or two weeks</p>
<p>Conclusions of Phase 2</p>	<p>Project office</p> <ol style="list-style-type: none"> 1. Compile the results of activities conducted in Phase 2 by filling in Phase 2 report format 2. Compile all relevant information collected during Phase 2 surveys so that they are available for future projects. 	<p>Facilitator</p> <p>Enterprise Development Specialist and facilitator</p>	<p>Two to three days</p>



RESOURCES FOR PHASE 3: PREPARING THE ENTERPRISE DEVELOPMENT PLAN



Activities for Phase 3 are presented in detail in Module 3 of the Field Facilitator Guidelines: Preparing the Enterprise Development Plan.

STEPS	ACTIVITIES AND LOCATION	PERSONS RESPONSIBLE OR INVOLVED	ESTIMATED DURATION
Facilitator Preparation	Training hall 1. Organize the facilitator training for Phase 3.	The project management and the trainer	Two to four days
	Project office 1. Study Phase 3 training documents (Module 3 of the Field Facilitator Guidelines) 2. Based on Phase 2 outcomes, estimate the resources (time, human, logistical and financial) needed to conduct Phase 3 in relation to the number of products chosen for promotion, their importance and location, their calendar of production of the resources etc. 3. Check: a. entrepreneurs' readiness to prepare their EDPs; b. the availability of operational resources (including time, human, logistical and financial) needed for Phase 3. 4. Deepen knowledge about the selected products/ enterprise ideas in order to guide the entrepreneurs.	Facilitator Facilitator and the Enterprise Development Specialist Facilitator	One to three days
Step 1 The entrepreneurs analyse the data collected in Phase 2 in order to refine the enterprise ideas	Field site 1. Organize a workshop to: a. introduce different marketing strategies, marketing mix / the 5P / commercial contracts (see the glossary for definitions of these terms); b. assist entrepreneurs to analyse the data collected in Phase 2. Use them to visualize potential enterprises; c. provide entrepreneurs with a list of elements they will have to decide upon when designing their EDPs.	Facilitators	One-half to one day in each site

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STEPS	ACTIVITIES AND LOCATION	PERSONS RESPONSIBLE OR INVOLVED	ESTIMATED DURATION
Step 2 The entrepreneurs prepare their enterprise development plans	Field site 1. Organize a workshop for entrepreneurs working on similar products. During the workshop the facilitator will help entrepreneurs to: a. review what they know about their products (review Phase 2 results) ; b. understand the benefits of preparing an EDP; c. clarify the enterprise entities (individual or group); d. define the size of their enterprise by taking into consideration factors including their financial objectives; e. review the key elements in order to clarify the definition of their enterprise; f. progress through the six components of an EDP. 2. During the workshop, time should be made so that entrepreneurs can discuss their EDPs at the community level.	Facilitator	Two days per product groups/site
	Project office 1. Proofread EDPs for calculation errors, inconsistencies or insufficient details. Ask entrepreneurs to readjust the EDPs as needed. 2. Collect copies of revised EDPs	Entrepreneurs Facilitator	One week (or as required by entrepreneurs) One to two days according to the number of EDPs
Step 3 The entrepreneurs identify needs for training and assistance	Project office 1. Analyse the EDPs in order to identify needs for support and assistance and design project support strategies.	Entrepreneurs, Enterprise Development Specialist and Facilitator(s)	Three to six days according to the number of project sites and the complexity of EDPs

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STEPS	ACTIVITIES AND LOCATION	PERSONS RESPONSIBLE OR INVOLVED	ESTIMATED DURATION
Conclusions of Phase 3	Project office 1. Compile the results of all activities conducted in Phase 3 by filling in the Phase 3 report format. 2. Compile the results of the EDPs 3. Formulate the support strategy for the entrepreneurs in the starting stage of their enterprise based on the EDPs	Facilitator Enterprise Development Specialist and facilitator(s) Enterprise Development Specialist, project management team and facilitator	Two to four days



RESOURCES FOR PHASE 4: SUPPORTING THE START-UP PHASE OF THE ENTERPRISES



Activities for Phase 4 are presented in detail in Module 4 of the Field Facilitator Guidelines: Supporting the start-up phase of the enterprises.

STEPS	ACTIVITIES AND LOCATION	PERSONS RESPONSIBLE OR INVOLVED	ESTIMATED DURATION
Facilitator Preparation	Training hall 1. Organize the facilitator training for Phase 4.	The project management and the trainer	Two to four days
	Project office 1. Study Phase 4 training documents (Module 4 of the Field Facilitator Guidelines). 2. Based on Phase 3 outcomes, estimate the resources (time, human, logistical and financial) needed to conduct Phase 4. 3. Check that: a. the entrepreneurs are ready to start operating at a pilot level; b. the availability of operational resources (including time, human, logistical and financial) needed for Phase 4. 4. Make contact with potential services providers (in the five areas of enterprise development) and with commercial partners in order to guide the entrepreneurs.	Facilitator Facilitator and the project Enterprise Development Specialist Facilitator	Two to four days

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STEPS	ACTIVITIES AND LOCATION	PERSONS RESPONSIBLE OR INVOLVED	ESTIMATED DURATION
Step 1 The entrepreneurs obtain financial resources as estimated in their EDPs	Project office 1. Discuss with the appropriate financial institutions possibility of providing loans with favourable conditions to the entrepreneur groups (according to assessment results from Phase 2) and come to specific arrangements if required.	Enterprise Development Specialist together with project management	Varies according to the specific context
	Field site 1. Assist entrepreneurs to link to the selected financial institutions.	Enterprise Development Specialist and facilitator	Two days
	2. Organize a training session for all entrepreneurs on basic financial management.	Enterprise Development Specialist, facilitator, and trainer (NGO)	Three to five days
Step 2 The entrepreneurs receive the necessary training to start-up their enterprises	3. Organize a training session on creating saving and credit groups for entrepreneurs who have chosen this option to finance their enterprises.	Enterprise Development Specialist, facilitators, and trainer (NGO)	Two days
	Field site 1. Organize training for all entrepreneurs on professional group creation and management. 2. Organize specific technical training courses according to the needs expressed in the EDPs (use of appropriate technology, new equipment, etc).	Enterprise Development Specialist, facilitator, and trainer (NGO) Enterprise Development Specialist, facilitators and trainers (NGO or private sector)	As required

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STEPS	ACTIVITIES AND LOCATION	PERSONS RESPONSIBLE OR INVOLVED	ESTIMATED DURATION
Step 3 The entrepreneurs start their activities at a pilot level	Field site 1. Assist the entrepreneurs in purchasing equipment and machinery. 2. Assist the entrepreneurs in negotiating their first production or commercial contracts with buyers. 3. Assist the entrepreneurs to prepare, transport and deliver their first products to buyers. 4. Assist the entrepreneurs to apply the resource management measures indicated in their EDPs. 5. Assist the entrepreneurs to obtain permits, licenses etc from government offices. 6. Assist entrepreneurs to negotiate loans with banks. 7. Assist entrepreneurs in the initial phase of bookkeeping and financial management including profit sharing.	Facilitators (and NGO)	As required
Step 4 The entrepreneurs learn how to monitor their enterprise activities and evaluate their enterprise results	Project office 1. Define the indicators and data that entrepreneurs should collect to monitor the progress of their enterprises. 2. Define the plan for collecting these data. 3. Define the indicators and the data that entrepreneurs should collect to monitor the impact of the project on households, the local economy and natural resources. 4. Define the plan for collecting these data.	Enterprise Development Specialist Project management and facilitator	One to two days
	Field site 1. Organize a workshop with the objectives to: a. train entrepreneurs in collecting data to monitor the progress of their enterprises and to analyse them; b. assist entrepreneurs to establish a simple market information system.	Facilitator	One day
Conclusions of Phase 4	Project office 1. Compile the results of all activities conducted in Phase 4 by filling in a Phase 4 report format	Facilitator	One to two days



ANNEX 10

List of outputs, indicators and verification sources to monitor capacity development and MA&D implementation

PRELIMINARY ACTIVITIES

EXPECTED OUTPUTS	POSSIBLE INDICATORS	POSSIBLE SOURCES OF VERIFICATION
Realistic objectives are set by the project management.	List of realistic objectives set by the project management before implementing activities;	EDT specifies the list of specific objectives.
The Enterprise Development Team (EDT) is established and includes partner organizations as needed.	List of EDT members and partner organizations;	EDT identifies team members.
MA&D materials are adapted and translated.	MA&D materials are adapted and translated before facilitators initiate field work.	MA&D materials are available in local languages.
A national survey is conducted and a general overview is compiled about market demand, potential key service delivery organizations in the enterprise sector, and legal and institutional issues related to forest resources and enterprise establishment.	The number of surveys visits carried out and overview documents compiled by EDT before facilitators initiate field work;	Overview document provides the specified type of information. EDT survey report is available.
A survey is conducted and a brief overview of opportunities and constraints for enterprise development in the region is compiled.	Number of survey visits carried out and overview documents compiled by the EDT before facilitators work at the local level;	Survey report document provides the specified local information. EDT survey report is available.
Sites are selected.	Number and location of selected sites;	Project work plan specifies the list of project sites.

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EXPECTED OUTPUTS	POSSIBLE INDICATORS	POSSIBLE SOURCES OF VERIFICATION
MA&D sensitization workshops for government and NGOs implementing partners are held.	Number and location of MA&D sensitization workshops held by EDT prior to field activities;	EDT Workshop reports specify dates, location and attendance list.
Project is introduced to community leaders and members.	Number and location of project introduction meetings ;	EDT meetings reports specifying dates, location and attendance list
A strategy for a market development approach to business development services (BDS) is formulated.	A strategy for a market development approach to BDS is formulated by the EDT prior to field activities.	Strategy paper
A monitoring and evaluation plan is developed.	A monitoring and evaluation plan is developed by the EDT prior to field activities.	Monitoring and evaluation plan
An enterprise development training strategy is formulated, including the criteria for selecting participants.	An enterprise development training strategy is formulated by the EDT before field activities including the criteria for selecting participants.	Training programme document specifying the criteria for facilitators' selection.
An orientation course is held to provide basic understanding of the MA&D process and its principles to project staff.	An orientation training course is organized by the EDT before training the facilitators and field activities; Changes brought to participants' work plan as a result of orientation training.	Training reports specifying the number of project staff members trained and their profile (institution, position, responsibilities, gender, age); Revised work plan of the participants after the orientation training.

A monitoring meeting should take place at this stage in order to assess whether the monitoring team is fully formed and operational, whether all preparatory activities have been completed and objectives achieved, and whether changes should be made to the plan to ensure that the time is right to proceed to Phase 1.



PHASE 1: ASSESSING THE EXISTING SITUATION

EXPECTED OUTPUTS	POSSIBLE INDICATORS	POSSIBLE SOURCES OF VERIFICATION
Facilitators are skilled in participatory methods and tools.	Number of training courses in participatory methods and tools provided. Number of facilitators who receive training.	Trainer report specifies criteria for selection of participants, number and profile of participants (institution, position, responsibilities, gender, age), course content, support materials and assessment of the training by the trainees.
Facilitators are capable of using methods and tools of MA&D Phase 1 (first MA&D facilitator training conducted).	Number of facilitators who attend the training Number of facilitators who use the training on their sites before Phase 2 training.	Trainer report specifies criteria for selection of participants, number and profile of participants (institution, position, responsibilities, gender and age), course content, support materials and assessment of the training by the trainees. Facilitators field implementation report.
Facilitators know the content of MA&D training documents (the process map, the introductory module and module 1 of the Field Facilitators Guide).	Number of facilitators who know the content of the training documents (the process map, the introductory module and module 1 of the Field Facilitators Guide).	Interview is carried out with facilitators about their knowledge of the MA&D process and Phase 1.
Facilitators know about the intervention site, the type of products dealt with in the project, the project's strategy for financing enterprises, the operating means available, how to present the enterprise development component and the reaction of the local community to the initial introduction of the project.	Preparatory elements are known by the facilitator before visiting the potential entrepreneurs.	Interview is held with the facilitators about their knowledge of the preparatory elements necessary before approaching the potential entrepreneurs.

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EXPECTED OUTPUTS	POSSIBLE INDICATORS	POSSIBLE SOURCES OF VERIFICATION
Facilitators have a broad understanding of the content of the national and regional overviews prepared by the EDT, the main rules and regulations concerning access to the products' subsector, the production, transport, processing and trade of the product groups; the main legal options for establishing enterprises in the country; the main options for rural entrepreneurs to access informal and formal sources of finance.	Facilitator has basic knowledge before working on enterprise development with the potential entrepreneurs.	Interview is held with the facilitators about their understanding of the basic knowledge required before starting enterprise development activities with the potential entrepreneurs.
Community leaders and members understand the differences between livelihood activities and enterprise development and identify individuals that are qualified and interested to start enterprises.	Community members possessing entrepreneurial skills and that want to engage in enterprise development have been identified.	Field implementation report of Phase 1 specifies objectives, schedule, content, methods, results of meeting as well as number and profile of participants (position, responsibilities, gender, age);
The time availability of the potential entrepreneurs, their experience and skills in production, processing and trade of tree and forest products, their investment capacities, their socio-economic profiles, including data on their livelihoods and the importance of tree and forest products in their household economy are understood.	Number of potential entrepreneurs participating in the workshop where data is obtained on these elements;	Field implementation report of Phase 1 specifying objectives, schedule, content, methods, results of the different exercises carried out in the workshop as well as number and profile of participants (position, responsibilities, gender, age); Baseline report;
The list of existing resources and products available to the concerned entrepreneurs is prepared.	Number of facilitators having the checklist of resources and products potentially existing in the area before facilitating this exercise; The existing resources and products listed by the entrepreneurs;	The list of existing resources and products in the field implementation report of Phase 1;
The weaknesses of the listed resources and products are identified.	The weaknesses of the listed resources and products are discussed by the entrepreneurs during the workshop.	The table of the strength and weaknesses of the listed resources in five areas of enterprise development in the field implementation report of Phase 1;

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EXPECTED OUTPUTS	POSSIBLE INDICATORS	POSSIBLE SOURCES OF VERIFICATION
Potential entrepreneurs have a tentative shortlist of resources and products and know why they eliminated others.	List of short-listed resources and products by entrepreneurs and their reasons for eliminating others;	List of short listed resources and products by entrepreneurs and their reasons for eliminating others in the field implementation report of Phase 1;
Stakeholders have brought information to their workshop to complete lists of existing resources and products available at their sites.	Number of participants in the stakeholder workshops organized by facilitators; Final short list of resources and products after the stakeholder workshop;	Field implementation report of Phase 1 including schedule, content, methods, results of this workshop, and number and profile of participants (position, gender, age); Interview of stakeholders;
Potential entrepreneurs have validated the shortlist of resources and products, they understand how to become strong and competitive in the market, the possible legal status for their enterprises, and the objectives of Phase 2 (third village based workshop of Phase 1).	Number of entrepreneurs who validated the short-list of resources and products and understood how to become strong and competitive in the market, the possible legal status for their enterprises, and objectives of Phase 2; Number of entrepreneurs who want to continue to Phase 2;	Field implementation report of Phase 1 specifying objectives, schedule, content, methods, results of the different exercises done in this workshop, and number and profile of participants (position, gender, age); Interview of entrepreneurs;
The process and results of all Phase 1 activities are reported.	The process and results of all Phase 1 activities are reported by the facilitator.	Field implementation report of Phase 1;
Relevant Phase 1 information is aggregated, including the overview of the potential entrepreneurs' situation in the form of baseline data to be used later as a reference point for estimating the project's impact.	Relevant Phase 1 information is aggregated by the EDT before proceeding to Phase 2, including the overview of the potential entrepreneurs' situation in the form of baseline data.	Baseline report on the local situation.

The monitoring team should meet at this point in order to assess whether all Phase 1 activities have been completed and objectives achieved and whether changes should be made to the plan in order to ensure that the time is right to proceed to Phase 2 of the process.



PHASE 2: CARRYING OUT SURVEYS TO SELECT PRODUCTS AND IDENTIFY ENTERPRISE IDEAS

EXPECTED OUTPUTS	POSSIBLE INDICATORS	POSSIBLE SOURCES OF VERIFICATION
Facilitators know how to use methods and tools of MA&D Phase 2 (second MA&D facilitator training conducted).	<p>Number of facilitators who attended the training;</p> <p>Number of facilitators who used the training in their sites before Phase Three training.</p>	<p>Trainer report specifying criteria for selection of participants, number and profile of participants (institution, position, responsibilities, gender, age), course content, support materials and assessment of the training by the trainees.</p> <p>Facilitators field implementation report of Phase 2.</p>
Facilitators are skilled in data collection for market surveys through observation and interviews (training conducted).	<p>Number of training courses in data collection in market surveys.</p> <p>Number of facilitators who attended the training.</p>	Trainer report specifying criteria for selection of participants, number and profile of participants (institution, position, responsibilities, gender, age), course content, support materials and assessment of the training by the trainees.
Facilitators know the content of the Phase 2 training documents.	Number of facilitators who know the content of the Phase 2 training documents;	Interview of the facilitators about their knowledge of the MA&D process and Phase 2.
The facilitator knows whether the potential entrepreneurs are ready to implement Phase 2 and if the operating means are available for implementation.	The facilitator knows whether the potential entrepreneurs are ready to implement Phase 2 and if the operating means are available for implementation prior to meeting the entrepreneurs for Phase 2 activities.	Work plan for Phase 2 implementation.
Facilitators refine their understanding of the shortlisted resources and products through personal study.	The facilitators know about shortlisted resources and products before meeting the potential entrepreneurs for Phase 2.	Interview with facilitator about the shortlisted resources and products.

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EXPECTED OUTPUTS	POSSIBLE INDICATORS	POSSIBLE SOURCES OF VERIFICATION
Potential entrepreneurs have reviewed Phase 1 results, identified product selection criteria, the information required to check these criteria, the possible sources of information, assessed their accessibility, defined the different surveys to conduct, mandated partners to gather information at levels they cannot reach, set up survey teams, distributed the roles and responsibilities, and decided on the time schedule (workshop conducted).	<p>Survey plans are ready before entrepreneurs conduct field surveys at the local level. They include list of information to collect, sources of information, who collects what and when;</p> <p>The list of information that can be found at levels that entrepreneurs cannot access are clear and communicated to the mandated partners in a timely fashion.</p>	Field implementation report of Phase 2 specifying objectives, schedule, content, methods, results of the different exercises done in the workshop as well as number and profile of participants (position, responsibilities, gender, age).
Local and national level surveys results are completed and compiled by the entrepreneurs.	Local and national level surveys results are completed and compiled by the entrepreneurs guided by the facilitators.	Reports of the local and national/ international surveys.
Entrepreneurs share the results of surveys with other potential entrepreneurs and select the most promising products. They discuss legal options for starting an enterprise and their implications, the different ways to access capital and decide what products they will work on (workshop conducted).	<p>Number of entrepreneurs who selected products.</p> <p>Number of entrepreneurs who know the legal options to start an enterprise and the different ways to access capital.</p> <p>Number of entrepreneurs per selected product.</p>	Number of participants; Product selection tables from each entrepreneurial group, list of selected products per group/site, and list of entrepreneurs per selected product in the field implementation report of Phase 2.
The process and results of all the above Phase 2 activities are reported	The process and results of all the above Phase Two activities are reported by the facilitator before proceeding to Phase 3.	Field implementation report of Phase 2.
Relevant Phase 2 information is aggregated, including the survey results.	Relevant Phase 2 information is aggregated by the EDT before proceeding to Phase 3, including the survey results.	Survey results report.

The monitoring team should meet at this point to assess whether all Phase 2 activities are completed and its objectives achieved, and whether changes should be made to the plan to ensure that the time is right to proceed to Phase 3.



PHASE 3: PREPARATION OF THE ENTERPRISE DEVELOPMENT PLAN

EXPECTED OUTPUTS	POSSIBLE INDICATORS	POSSIBLE SOURCES OF VERIFICATION
Facilitators know to use methods and tools of MA&D Phase 3 (third MA&D facilitator training conducted).	Number of facilitators who received the training; Number of facilitators who use the training at their sites before Phase 4 training takes place.	Trainer report specifying criteria for selection of participants, number and profile of participants (institution, position, responsibilities, gender, age), course content, support materials and assessment of the training by the trainees Facilitators field implementation report of Phase 3;
Facilitators know the content of MA&D Phase 3 training documents.	Number of facilitators who know the content of the Phase 3 training documents.	Interview of the facilitators about their knowledge of Phase 3;
The implementation plan of Phase 3 is prepared according to the number of product groups, their size and location, the resource production calendar, etc.	The implementation plan of Phase 3 is prepared before Phase 3 activities start in the field.	Work plan to support implementation of Phase 3;
Facilitators know whether entrepreneurs are ready to implement Phase 3 and whether the operating means are available for implementation.	Facilitators know whether entrepreneurs are ready to implement Phase 3 and if the operating means are available prior to meeting the entrepreneurs for Phase 3 activities.	List of operating means mobilized for Phase 3;
Potential entrepreneurs know the different marketing strategies, marketing mix/ the 5 P / commercial contracts. They have the necessary information required to go on to develop their enterprise development plan.	Number of entrepreneurs who know the different marketing strategies; marketing mix / the 5 P / commercial contracts, and the necessary information required to build their enterprise plan.	Interview with entrepreneurs;
Entrepreneurs working on similar products have reviewed what they know about their products (Phase 2 results review), they understand the benefits of preparing an EDP, they are clear about their enterprise entity (individual or group) and they prepare their EDPs (workshop conducted).	Number of EDPs prepared by entrepreneurs.	Field implementation report of Phase 3 specifying objectives, schedule, content, methods, results of the different exercises done in the workshop as well as number and profile of participants (position, responsibilities, gender, age); EDP documents;

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EXPECTED OUTPUTS	POSSIBLE INDICATORS	POSSIBLE SOURCES OF VERIFICATION
Calculation errors, inconsistencies or lack of details are adjusted in the EDPs.	Calculation errors, inconsistencies or lack of details in the EDPs are adjusted by entrepreneurs with guidance from facilitators before they are communicated to project staff.	Revised EDP documents;
Enterprise support strategies are designed based on the needs expressed in the EDPs.	EDTs have identified the support needs and designed support strategies based on the needs expressed in the EDPs.	Summary results of the aggregated EDPs including support needed by entrepreneurs; Entrepreneurs support strategy document;
Processes and results of Phase 3 activities are reported.	Process and results of Phase 3 activities are reported by the facilitator.	Report of Phase 3 implementation.

The monitoring team should meet at this point in order to assess whether all Phase 3 activities are completed and objectives achieved, and whether changes should be made to the plan in order to ensure that the time is right to proceed to Phase 4.



PHASE 4: SUPPORTING THE START-UP PHASE OF THE ENTERPRISES

EXPECTED OUTPUTS	POSSIBLE INDICATORS	POSSIBLE SOURCES OF VERIFICATION
Facilitators know how to use methods and tools of Phase 4 (fourth MA&D facilitator training conducted).	Number of facilitators who received the training; Number of facilitators who applied the training content in their sites;	Trainer's report specifying criteria for selection of participants, number and profile of participants (institution, position, responsibilities, gender, age), course content, support materials and assessment of the training by the trainees;
Facilitators know the content of Phase 4 training documents.	Number of facilitators who know the content of the training documents;	Facilitators field implementation report of Phase 4;
Implementation plan for Phase 4 is prepared according to the number of enterprises and their specific support needs.	Implementation plan of Phase 4 is prepared prior the start of field activities.	Interview of the facilitators about their knowledge of the MA&D Phase 4;
Facilitators know whether entrepreneurs are ready to implement Phase 4 and whether required operating means are available for implementation.	Facilitators know whether entrepreneurs are ready to implement Phase 4 and whether operating means are available before meeting with entrepreneurs.	Work plan to support implementation of Phase 4; List of operating means mobilized for Phase 4;
Facilitators refine their knowledge of and contacts with possible services providers and commercial partners through personal study.	The facilitators have linked with possible services providers and commercial partners before guiding the entrepreneurs.	Interview with facilitators about services providers and commercial partners;
Facilitators can assist entrepreneurs to get loans for financing their enterprises.	Facilitators know options for obtaining loans from financial institutions with favourable conditions.	Interview with facilitators about loan access for small entrepreneurs;
Entrepreneurs who need loans for their enterprises are linked up appropriate financial institutions.	List of financial institution able to provide loans with favourable conditions (including description of conditions); Number and list of entrepreneurs who need loans from financial institutions; Number and list of entrepreneurs receiving loans with the corresponding financial institutions;	Field implementation report for Phase 4;

Continued on next page

EXPECTED OUTPUTS	POSSIBLE INDICATORS	POSSIBLE SOURCES OF VERIFICATION
Entrepreneurs who create saving and credit groups are joined together and training has been carried out.	List of entrepreneurs who want to create saving and credit groups to finance their enterprises;	Trainer's report specifying criteria for selection of participants, number and profile of participants (institution, position, responsibilities, gender, age), course content, support materials and assessment of the training by the trainees;
All entrepreneurs know about basic financial management (training conducted).	Number and list of entrepreneurs who received the training;	Trainer's report specifying criteria for selection of participants, number and profile of participants (institution, position, responsibilities, gender, age), course content, support materials and assessment of the training by the trainees;
All entrepreneur groups are skilled in professional group creation and management (training conducted).	Number and list of entrepreneur groups who received the training;	Trainer's report specifying criteria for selection of participants, number and profile of participants (institution, position, responsibilities, gender, age), course content, support materials and assessment of the training by the trainees;
Different groups of entrepreneurs receive technical training courses according to the needs expressed in their EDPs (use of appropriate technology, new equipment, etc).	Number and list of technical training courses and number list of entrepreneurs who received the training course;	Trainer's report specifying criteria for selection of participants, number and profile of participants (institution, position, responsibilities, gender, age), course content, support materials and assessment of the training by the trainees;

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EXPECTED OUTPUTS	POSSIBLE INDICATORS	POSSIBLE SOURCES OF VERIFICATION
<p>The entrepreneurs have purchased their equipment, negotiated their first production or commercial contracts with buyers, prepared, transported and delivered their first products to the buyers, applied the resources management measures indicated in their EDP, obtained permits or licenses from government offices, received loans from the banks or organized their saving and credit groups, done their bookkeeping and financial management including profit sharing.</p>	<p>Number and list of entrepreneurs who received support;</p> <p>List of purchased machinery per enterprise;</p> <p>Number and types of signed commercial contracts per site;</p> <p>Resources management plan and list of services to apply these plans;</p> <p>Number and type of permits and other legal documents obtained per site;</p> <p>Account books of enterprises;</p>	<p>Business services provision plan;</p> <p>Field implementation report Phase 4;</p>
<p>The process and results of all the above Phase 4 activities are reported.</p>	<p>The process and results of all the above Phase 4 activities are reported by the facilitator</p>	<p>Field implementation report of Phase 4.</p>



ANNEX 11

Example of an impact assessment tool for measuring perception and capacity changes of entrepreneurs participating in enterprise development project

Date:
Facilitator:
Respondent gender: Male **Female**.....

INDICATORS (TO BE ANSWERED BY ENTREPRENEURS)	TRUE	FALSE	DON'T KNOW
The community is doing fine on its own and does not need enterprise development projects.			
The long-term development of the community is more important than short-term benefits.			
The community needs new production activities.			
The quality of life of community members will be negatively affected by the introduction of new enterprises.			
The existing production activities are sufficient to fulfil the needs of the community.			
It is easier to make progress by working alone.			
We can earn more income by working together in a group.			
It is good to have to work all day in order to earn more income.			
The whole family should help with production activities.			
It is our own responsibility to implement development projects in order to make progress.			
It is better that we continue with enterprises that we already understand.			
We need a lot of information and capacity in order to develop new enterprises.			
Establishing enterprises is very complicated.			
It is better if others commercialize our products for us.			
The community needs to build its capacity so that it can commercialize its own products.			
It is easier to work with existing products.			

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INDICATORS (TO BE ANSWERED BY ENTREPRENEURS)	TRUE	FALSE	DON'T KNOW
It is less risky to work with nearby markets than with markets far away.			
We only need to work every day if we are in desperate need of money.			
We need to improve our skills if we want to increase our production.			
Our existing production methods are not adequate to provide us with a good harvest in every season.			
Agricultural production is a good enterprise.			
We need to get organized in order to increase our income.			
It is better if more people participate in community organizations.			
We need modern equipment for our production activities.			
We can learn from people who are not from the community.			
We need to make financial projections before starting a new enterprise.			
We do not need to find out about the experiences of other community members.			
We can trust other entities that offer to support our enterprises.			
We need money in order to start a business.			
If we think a business is viable then we can take the risk of borrowing money.			
If communities have a lot of needs they should look for support from entities or people outside of the community.			

This questionnaire should be used on a random sample of community members participating in the project activities. Interviews should take place at the beginning of the project and then repeated at the end to measure the variations introduced by the project. Questionnaires used at the beginning and the end of the project need to have the same format so that data can be compared.



MA&D glossary

The MA&D terminology has been carefully selected to be consistent with the philosophy of participatory methodologies and to avoid the preconceptions associated with conventional extension methods. Project staff members and facilitators should refrain from using conventional terms even if they are better known as they may carry the wrong connotations. It is better to use the MA&D terminology and to explain its meaning.

Actors: direct and indirect actors

Between the producer and the consumer, there are a number of actors. These actors fall into two categories: direct actors, who belong to the value chain through which the product is marketed (such as harvesters, traders, processors and retailers); and the indirect actors, who have an influence on the products' value chain (such as policy-makers, technical researchers and environmental groups).

Baseline survey

Baseline information derived from a survey carried out prior to an intervention. It provides information about a situation before an intervention takes place. This information is necessary to assess the results of an intervention during the monitoring and evaluation phases of a project.

Break-even point

Minimum quantity of product made and sold in order to cover production and selling costs.

Cash flow

Detailed record of monies received and paid by the enterprise.

Central government institutions staff and MA&D

The staff of national governments need to be consulted and included throughout the MA&D process to ensure that they are supportive of enterprise development efforts. Central government institutions frequently can provide support for the regulatory process as well as technical support. In most countries, the central government, in the context of MA&D, refers to the national forestry development authorities.

Competitor

A business or enterprise that sells similar types of products to the same target customers.

Consumer

A person (or household) who is the final buyer of a product.



Contract

A legally-binding agreement between two parties. For example, a supplier contract that is signed between an entrepreneur and a supplier in order to supply goods at specific times and conditions is legally-binding.

Customer

A person, firm or institution that buys a product.

Demand

The total amount of product that customers want or need to buy.

Depreciation

Loss of value of capital equipment due to normal use over time.

Distribution channel

The chain of people or organizations through which products are handled and moved between a producer and a consumer.

Diversification

The process of expanding a business or an enterprise by developing new products or new markets.

Entrepreneur

The term 'entrepreneur' is used to describe an individual who earns income directly from the sale of their products. Entrepreneurs use natural resources for generating income, rather than for subsistence purposes. 'Entrepreneur' is used instead of the term 'businessperson' (and 'enterprise' instead of 'business') because it not only includes the individuals who trade the product, but also those who harvest, grow, process, store and transport it. The term entrepreneur implies a capacity for planning, commitment and skills beyond those generally required for an income generation activity alone. The entrepreneur is central to MA&D and will receive support from the facilitator as they carry out the MA&D process. Ultimately, however, the entrepreneurs will be the ones making the decisions and plans with regards to their future businesses.

Enterprise Development Plan (EDP)

The term Enterprise Development Plan is used instead of business plan because an EDP takes into consideration ecological, social and institutional aspects in addition to economic, financial and technological considerations which are usually focused on in a business plan. The Enterprise Development Plan is a document resulting from the enterprise planning exercise. It describes the enterprise and its strategies. An EDP is useful for assessing the potential performance of an enterprise, for communicating intentions regarding the enterprise, clarifying intentions among enterprise partners and persuading service providers to assist the enterprise.

Equity

The money invested in a business by its owners.



Evaluation

Evaluation determines how successful a project has been in meeting its objectives and measures the impact of project activities. Evaluation starts from the beginning of a project with a baseline survey. Interim monitoring is carried out throughout the course of project implementation. At the close of a project, data is collected through an end-of-project survey. A comparison is made between the baseline survey and the data collected at the conclusion of the project. The results of the comparison, coupled with the interim monitoring data, allow for an evaluation of the overall project to be carried out.

Facilitator

The term ‘facilitator’ is used instead of extensionist. The MA&D approach encourages the use of participatory processes in order to increase the capacity of the entrepreneurs to act on their own, while the term extensionist implies field workers who tell the entrepreneurs what they should be doing which has the effect of limiting them to a more passive role. The facilitator supports and monitors the progress of entrepreneurs throughout the MA&D process. Their role is to empower entrepreneurs to accomplish their enterprise development goals through the application of MA&D. Facilitators function best when they are involved from the very beginning of the MA&D process. Facilitators are usually staff from project partner institutions, governmental or non-governmental organizations and, sometimes, members of professional groups. Given its participatory nature, the selection of effective facilitators during the preliminary phase of MA&D is a critical factor for the success of a project.

Feasibility study

The systematic investigation of a potential product or process to check whether the enterprise will be feasible and provide the expected benefits. Phase 2 The production costs that remain the same regardless the amount of goods produced.

Financial service provider

A financial institution, such as a bank, a microfinance institution, a credit union, etc. whose mandate is to provide financial services to its clients whether they hold accounts or are members of the institution.

Five areas of enterprise development

The MA&D process takes into account five areas of enterprise development:

- Market/Finance;
- Resource management/Environmental;
- Social/Cultural;
- Institutional/Legal;
- Technological.

Fixed costs

The production costs that remain the same regardless the amount of goods produced.



Grant

Sum of money given as a privilege or a right. Grants are usually allocated by foundations, corporations, governments, businesses or individuals to non-profit organizations or local governments and do not need to be repaid.

Investment

The purchase by a producer of a physical good, such as durable equipment or inventory, in the hope of improving future business.

Ledger

Book of record containing the summary of financial information.

Loan

A loan is a sum of money provided to an enterprise at a cost by a financial service provider and needs to be repaid.

Local government institutions and MA&D

The staff of local government institutions are usually involved as local coordinators for activities to ensure that the enterprise activities are congruent with government priorities. They can also provide support to entrepreneurs on legal issues (permits, etc), or link them to government financing programmes.

MA&D expert

The MA&D expert is the individual that usually trains the field facilitators in MA&D methodology. This person also assists field facilitators as needed in MA&D field implementation with entrepreneurs.

Market

A location where goods are sold. A market is also a network of transactions between people who want to buy a product or service and the individuals who have the corresponding resource or product to offer.

There is a large diversity of markets: markets for raw materials (such as dried rhizomes for the perfume industry), markets for semi-processed goods (such as essential oils for the food industry), and markets for finished products (such as woven natural fibre napkins). Markets can be local, regional, national or international.

Market chain

A flow chart indicating the transfers of a product by each of the actors, from the producer to the end-user.

Market or business environment

The combination of the economic, political, socio-cultural, technological and ecological factors influencing the demand, production, processing and distribution of products.

Marketing

A comprehensive approach to designing a product, delivering it on time and at the right price to meet customers'



needs. Marketing includes the production, the processing, the promotion, the distribution and finally the sale of a product.

Marketing mix / 5Ps

The marketing mix, also known as the '5Ps', consists of the general areas of product, price, place, people and promotion. The various components of the marketing mix are used to motivate customers to purchase the product. The target group can use the marketing mix to specify how the product will be positioned in the market. During the annual planning cycle, the marketing mix becomes the basis for developing objectives and strategies that respond to changes in the business environment.

Marketplace

A location where buyers and sellers come together to make transactions. For example, a marketplace can be a group of shops selling medicinal plants in a large city or the storeroom of a trader selling medicinal plants in a village.

Market system

A market system is a dependent set of direct and indirect factors influencing the process of bringing a product to the targeted buyer. A market system starts with producers or collectors and ends with consumers. Between the producer and the consumer, there are two types of actors or agencies, the direct and the indirect actors (as defined above).

Market research/survey

A market research/survey identifies potential customers for specific products in order to detect market opportunities.

Market size

The total amount of product bought over a given period (month, season, year) expressed in volume or value.

Monitoring

An on-going activity during the lifespan of an enterprise or a project. Monitoring allows the determination of progress made in relation to the initial work plan and clarifies whether the enterprise or the project are on the right track. Monitoring also indicates necessary changes.

NGO staff and MA&D

NGO staff members are often involved as facilitators of the MA&D process at the local level. They can also be involved as service providers, especially by providing training in technical areas in which they are competent, such as book-keeping for basic financial management.

Non-wood forest products (NWFPs)

Goods of biological (plant or animal) origin derived from natural, modified or managed forests, other wooded lands and trees outside forests. NWFPs include fruits and nuts, vegetables, fish and game, medicinal plants, resins, essences, bark and fibres such as bamboo, rattan, palms and grasses. Wood-based charcoal and fuel wood are also considered NWFPs.



Product

An output of goods and services resulting from the input of resources and/or work used to produce them. For example, a plant in the forest is a natural resource from which the ‘cut stem’ product is extracted. Cutting the stem is the production factor.

Profitability

The enterprise income excluding the expenses.

Procurement

Purchase from suppliers.

Production planning

The calculation and prediction of the quantity of inputs needed to manufacture a product.

Product development

The conception or modification of an existing product to adapt it to a specific market.

Promotion

A set of activities conducted to raise awareness about a product and increase its sales.

Resources

Vegetable, mineral or animal substances available in forests or other natural ecosystems before extraction. They are the stock reserve of potential products.

Revenue

The income derived from product sales or from other sources such as interest earned, rents, etc.

Savings

Putting money aside, for example in a bank, and preserving it for future use.

Selling

Part of a larger marketing process (see marketing), selling is the act of encouraging a potential customer to buy a product – i.e. receive ownership of a product - in return for compensation, usually money.

Service Provider

A service provider is a business development or a financial institution (such as a bank) which provides technical and/or financial services at the request of the entrepreneurs at various points along the market chain.

Timber products

Timber products are woody tree products, including industrial wood (sawn and felled timber woody raw timber,



subsequently transformed, and derivative products as well as wood chips), fuel wood, charcoal, and small diameter posts and poles.

Traders

The term 'traders' is used throughout the manual in place of 'middlemen' as it is more inclusive of both women and men.

Tree and forest products

Biological materials coming from forest ecosystems. Tree and forest products include ornamental, medicinal and edible plants and plant products, such as spices or nuts, wildlife, animal-based food products such as birds' nests and honey, non-edible animal products such as feathers and horns, extracts and exudates such as essential oils, resins, bitumen and dyes, fibre products such as rattan or bamboo, small ligneous materials such as wooden handicrafts, products from trees on farms and tree plantations such as citrus and other fruits, medicinal plants and timber produced and marketed for the benefit of local producers (for example, in the context of community forestry activities).

Value addition

The difference between the selling price for a product and the cost of materials and services needed to produce it is the value added per unit. Value addition is the creation of value from the conception of a product to its final consumption.

Value chain

A value chain consists of the value-generating activities needed to bring a product from its origin as a natural resource to production and subsequent delivery to final consumers and ultimately, its disposal after use. This includes activities such as harvesting, cleaning, transportation, design, processing/production/transformation, packaging, marketing, distribution and support services. A chain can be local, national or global.

Value Chain Analysis

A conceptual framework for systematically mapping and categorizing economic processes of products chains. It analyses the way an enterprise or group creates value for a product.

Variable costs

Costs of production that vary according to the amount of goods produced.



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