

STRONGER BY ASSOCIATION

Understanding how small forestry enterprise associations can work for the poor



FINAL REPORT

DFID Project R8370 – 1 July 2004 – 30 June 2006

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Executive summary

This is the final report of POR Project R8370: Small forestry enterprise associations for poverty reduction. It details a research project, the objective of which was “to improve understanding about how forest resource based associations can work for the poor”. The project involved one international lead agency (IIED) and six country research teams in Brazil, China, Guyana, India, South Africa and Uganda. It involved literature reviews and participatory development, piloting, and implementation of adapted questionnaire survey methodologies across 126 forest-based associations. In each country the survey process was complemented by broader discussions and a dissemination process – both nationally and internationally. The impact has been a substantially increased understanding of how forest based association work for the poor. This has culminated in several programmes of carefully tailored support to forest based association independent of this project – both actual and at the design phase.

Small and medium forest enterprises (SMFEs) are among the few livelihood opportunities available to the poor in developing countries. Rough extrapolations from existing information suggest that:

- About 80-90% of forestry enterprises are SMFEs in many countries
- Over 50% of all forest sector employment is in SMFEs in many countries - totalling 20 million people worldwide
- Over US\$130 billion/year of gross value added is produced by SMFEs worldwide
- SMFEs provide an opportunity to reduce poverty and sustain the forest upon which that opportunity depends.

SMFEs face a number of critical bottlenecks to their development (e.g. insecure forest access, lack of market information or bargaining power). Working together in associations can overcome such bottlenecks where few other support structures exist. There are literally thousands of forest-linked small and medium enterprise associations in developing countries. Many arise spontaneously from strong collective interest. Some fail, but many succeed. Successful associations are the means to achieve three important development ‘ends’:

- Reducing transaction costs,
- Adapting strategically to new opportunities
- Lobbying for more supportive policies.

Research from Brazil, China, Guyana, India, South Africa and Uganda identified initial reasons for collective action, features that make associations last, how greater equity can be assured and what forms of external support best support association development objectives.

From an internal perspective, lasting associations generally have a strong degree of autonomy. They usually have leaders with a track-record of social commitment. Most have gradually evolving sets of procedures that institutionalise the progress made by charismatic founders. Their focus is usually restricted to a few long-term issues. Equity is highest where there is greatest investment in democracy. Equitable associations tend to pay attention to transparency over costs and benefits. Most also have in place sanctions for free riders or those that break their rules and clear procedures for resolving conflicts.

From an external perspective, the most useful support tends to be responsive rather than imposed. It is usually orientated towards self-help options such as the strengthening of umbrella associations and improving awareness of existing support services. It often has a strong focus on providing information on bureaucratic procedures, product design and markets, finance and technological innovation.

The single major policy implication is that forest based associations can and do work. They work in places where little else does to improve the livelihoods of the poor – and decision-makers should support them as a result. This report maps out the key questions that need to be worked through in particular contexts in order for stakeholders to identify: how to make association easier and more advantageous; how to identify and support what exists rather than imposing new structures; how to subsidise better information flows, networking and training; and how to favour local associations in government procurement policies.

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1. Background and objectives

Forest products and services can offer development opportunities to forest user groups – including the rural poor. Small and medium forest enterprises (SMFEs) make up a significant proportion of those opportunities. Rough extrapolations from existing information suggest that (Macqueen and Mayers, 2006):

- About 80-90% of forestry enterprises are SMFEs in many countries
- Over 50% of all forest sector employment is in SMFEs in many countries
- Over 20 million people are employed by SMFEs worldwide
- Over US\$130 billion/year of gross value added is produced by SMFEs worldwide

But there are many obstacles to overcome. Bottlenecks to sustainable development go beyond insecure natural resource ownership and access rights to include the lack of:

- social stability and cohesion,
- access to capital,
- market information,
- bargaining power,
- technological know-how,
- geographical isolation and infrastructure,
- administrative and business standards and procedures.

Collective action is often the only accessible way of responding to such bottlenecks. This paper uses the term group and association interchangeably. It defines forest-based associations broadly as *“user groups that band together about a common purpose and create organised institutions for collective decision-making”*.

Forest-based associations take on different institutional forms. They also cover different elements of forest product or service supply. Some might manage private or common-pool resources. Others deal with processing activities far from the forest. They range from small groups of individuals (communities) to large groups of small and medium forest enterprises.

The objective of this research project - and therefore of this report is “to improve understanding about how forest resource based associations can work for the poor”

2. Methods

2.1 A framework for analysis

This report provides some lessons about the functionality of forest-based associations – how and why they work. It draws lessons from surveys in six very different contexts: Brazil, China, Guyana, India, South Africa and Uganda.

In such diverse contexts, multiple variables determine how and why associations are successful – and this complicates lesson learning. The only practical solution is to examine a few causal links, reducing the numbers of variables that are studied (Agrawal, 2001). Each forest-based country case study therefore tested four hypotheses (or causal links) that form the framework for the sections that follow:

1. Cohesion – Association functionality is dependent on particular strong collective interest
2. Resilience – Association functionality is dependent on the credibility and legitimacy of different types of decision-making processes and association governance
3. Equity – Association functionality is dependent on the extent and adequacy of representation of different interest groups including gender representation
4. Support – Association functionality is dependent on the degree to which policies and institutions are supportive

Many studies have already examined how and why groups are successful. For example, studies document the success of:

- sustainable institutional arrangements to govern the commons (Wade, 1988; Ostrom, 1990; Baland and Plateau (1996) summarised in Agrawal, 2001);
- agricultural co-operatives (Baviskar and Atwood, 1995; Shah, 1995; summarised and added to in Harper and Roy, 2000);
- community forest management institutions (Sarin, 1993; Mckean and Orstrom, 1995; Hobley and Shah, 1996; Arnold, 1998; and Orstrom 1999);
- collective forest action (Futemma et al. 2002).

Table 1 abstracts generic lessons on successful groups (i.e. beyond those specific to common property resource management).

Table 1. Lessons about what affects group success

Factor	Lesson	Reference
Successful past experience	Groups benefit from successful past experience	Ag, Ar, B&P, F, Sa, W
Wealth	Groups benefit from having some disposable income (low levels of poverty)	Ag, B&A, F
Political affiliation	Groups benefit from independence from political groups with the right to self organisation	Ag, Ar, B&A, H&R, H&S, M&O, O ¹ , O ² , Sa, Sh, W,
Small or large	Groups often (but not always) benefit from being small / medium size – central to the total economy in which they operate	Ar, B&P, H&S, Sh, W,
Activities at inception	Groups benefit from focusing on one manageable activity, potentially diversifying over time but retaining focus	H&R
Participative or individual leadership	Groups benefit from either individual or participative leadership provided it is home grown and fair	Ag, Ar, B&A, B&P, F, H&R, M&O, Sa, Sh,
Shared background	Groups benefit from a homogenous background but can do without it if they have good leadership	Ag, Ar, B&A, B&P, H&R, Sa, W,
Skills and abilities	Groups benefit from a mix of skills to achieve collective interests	Ag, Ar, B&P, H&R, Sa
Degree of external support	Groups should start without external support to prove competitive advantage	B&A, H&R, Sh,
Social or financial objectives	Groups benefit from having broader objectives than merely financial ones	H&R
Boundaries to group	Groups benefit from clear boundaries defined by collective interests	Ag, M&O, O ¹ , O ² , Sh, W,
Simple shared norms and rules	Groups benefit from initial flexibility but should then evolve simple rules and procedures based on local norms	Ag, Ar, B&P, H&R, H&S, M&O, O ¹ , Sa
Meetings with members	Groups benefit from regular and frequent meetings between members and leaders	B&A, H&R, Sh,
Accountability and sanctions	Groups benefit from clear records, transparent decision making and conflict resolution processes and graduated sanctions for non-compliance	Ag, Ar, H&S, M&O, O ¹ , O ² , Sa, W,

Source: Ag = Agrawal, 2001; Ar = Arnold, 1998; B&A = Bavisakar and Atwood, 1995; B&P = Baland and Plateau, 1996; F = Futeema et al. 2002; H&R = Harper and Roy, 2000; H&S = Hobley and Shah, 1996; M&O = McKean and Orstrom, 1995; O¹ = Orstrom, 1999; O² = Ostrom, 1990; Sa = Sarin, 1993; S = Shah, 1995; W = Wade, 1988;

2.2 Research methodology

The research method addresses the challenge laid out by Poteete and Ostrom, (2003) to better understand successful collective action in different contexts. The collaborative nature of the research was critical to its success – since it not only allowed the gathering of data about forest based association, but also directed greater attention and resources towards supporting forest-linked SMFE associations in each country. The target audiences of association members and potential supporters of associations were involved throughout the research. The intention was that they should be the ultimate beneficiaries of greater understanding respectively about how to: (i) improve the internal operations of such associations; (ii) give support more effectively.

Country research partners selected a small sample of associations (in most cases 10) based on locally relevant criteria to ensure a range of association types. They held local meetings with relevant country agencies to discuss the project and their choice of associations. They then tested each of the four research hypotheses using remote or field based questionnaires and semi-structured interviews. Opinions were corroborated between leaders and, where possible, general members of these associations. While many specific constraints and solutions vary across association context and type, there were some lessons that were broadly applicable. This report summarises these in the chapter on findings under four headings below:

- Cohesion – What development ‘ends’ do associations drive towards?
- Resilience – What decision-making structures make associations last?
- Equity – What factors make associations fair?
- Support – What assistance is appropriate

2.3 Research milestones

An integral part of the research methodology was local capacity development through four phases of work: preparatory; diagnostic, influence and synthesis and feedback. These four phases of work formed the bases of the projects programme of activities and reporting against milestones. A summary of these milestones, and what was done to achieve them, gives a good understanding of the methods used to achieve the research objective.

2.3.1 Preparatory phase

(Milestone 1) Month 1 - develop a briefing paper / summary presentation of the country discussion papers on SMEs and present and discuss these together with the full country discussion papers in a range of relevant fora.

Status - achieved

A project website was prepared with details of the programme of work, country partners and published findings to date at: <http://www.iied.org/NR/forestry/projects/associations.html>. A website monitoring protocol was established in early 2005 to track downloads.

A literature survey was conducted of previous work on associations and clustering in order to produce a briefing paper for country teams on the available literature and existing frameworks for analysis of associations. The report was made available on the web at: http://www.iied.org/NR/forestry/documents/SME_Associations.pdf.

Additional learning materials were commissioned, including a review of the types of organisational architecture that best serve the poor. A report was produced and made available on the website in March 2005 at: <http://www.iied.org/NR/forestry/documents/OrganisationalMechanisms.pdf>

A preliminary report was prepared by IPAM in Brazil covering findings from surveys of forest enterprise associations in Acre and Para states. The report was made available on the web in February 2005 at: http://www.iied.org/NR/forestry/documents/Brazil_SME_Associations_final.pdf

(Milestone 2) Month 2 develop background materials for planning visits based on feedback from country networks

Status - achieved

Each of the teams established contacts with the main forestry enterprise associations that were to be included within the research. Where there was abundant examples on which data could be gathered (e.g. in India) a literature survey on small and medium forest enterprise associations was started. To fill in gaps, key informants were identified and contacted through personal visits, email and telephone. A survey methodology and questionnaire were prepared, based on initial work in Brazil.

In each country, plans were drawn up to survey approximately ten different forest-based associations. In many cases country teams greatly exceeded this. For example, in Brazil, twelve associations were surveyed in the States of Para and Acre and a further set of 12 from Mato Grosso. In India, 25 associations were surveyed. In Uganda 62 associations were surveyed (from 2000-3000 forest based associations across the country). In Guyana 14 associations were visited – many in remote hinterland locations. In China only three associations were surveyed – partly because associations are so rigidly controlled in that political context. In South Africa, particular attention was paid to Forestry South Africa (FSA) the umbrella association – with 10 smaller community-based timber associations as well.

(Milestone 3) Month 3 - carry out planning visits, finalise work plan, methodology and reporting guidelines for country partners.

Status - achieved

Each of the three core focus countries (Brazil, India and Uganda) was visited both at the outset to finalise the work plan and during the project to assess progress and steer outputs. Of the secondary focus countries, Guyana and South Africa were visited twice during the project period and the lead collaborator from China visited London twice to ensure smooth running of the project.

(Milestone 4) Month 4 – produce an agreed plan for each country partner and an initial typology of associations as a component of the content of the issues paper on SME associations

Status - achieved

Six country work plans were developed on time and six sub-contracts were issued and managed as part of the project.

In addition to the initial typology of associations developed in the briefing paper cited above, a further framework of the reasons for forming an association was developed based on early work in Brazil and published as part of Participatory Learning and Action Notes:

http://www.iied.org/NR/agbioliv/pla_notes/pla53backissue_000.html

2.3.2 Diagnostic phase

(Milestone 5) Month 5-6 – develop and strengthen country partner capacity to conduct a detailed survey structure with participatory exercise briefing papers for in-country researchers.

Status - achieved

Detailed survey methodology developed with each of the six country partners during inception visits and subsequent follow-up missions. The draft survey template is included in Annex 2

(Milestone 6) Month 6 – review of proposed approach with a sample of SME associations including review of the criteria for participation of different SME associations

Status - achieved

The survey methodology was tailored to different country contexts on the basis of sample surveys. In each case a slightly different methodology evolved to fit both the skills of the researchers

involved and the nature of the associations being surveyed. Each methodology is included in the six final country reports published by IIED.

(Milestone 7) Month 7-12 – completed data collection using survey methodology covering a representative sample of SME associations in Brazil, India and Uganda.

Status - achieved

Surveys were completed by the country teams in each of the six countries. Both core focus countries and secondary focus countries completed detailed analyses of associations in their respective areas.

2.3.3 Synthesis and feedback phase

(Milestone 8) Month 13-14 – completion of draft country reports which compiled survey data in country and examine the relative significance of different elements of association functioning using indicators and additional perspectives gained through participatory techniques.

Status - achieved

Six draft country reports were produced – sent to reviewers – revised and have been edited into their final format. These will shortly be made available on the web at:

<http://www.iied.org/NR/forestry/projects/associations.html>

(Milestone 9) Month 15 – draft conclusions produced for main focus countries and additional findings assess for secondary countries and distributed for wider review

Status - achieved

Reports have all been circulated in-country for review. Presentations were made on results at an international conference entitled ‘How to make poverty history’ held at Burnham Beeches 5-6 December 2005. See presentations at:

<http://www.iied.org/Gov/mdgs/2005/presentations05.html>

See published chapter in conference book:

http://www.iied.org/Gov/mdgs/documents/mdg3/ch4_20pp.pdf

See Participatory Learning and Action journal publication with focus on Brazil:

http://www.iied.org/NR/agbioliv/pla_notes/pla53backissue_000.html

And the development of a methodological tool to strengthen association activities:

http://www.policy-powertools.org/Tools/Organising/docs/associations_bus_partnership_tool_english.pdf

(Milestone 10) Month 18 – synthesis report produced in the form of a summary of findings across the six countries

Status - achieved

This report has been developed and is due to be published as:

Macqueen, D., Bose, S., Bukula, S., Kazoora, C., Ousman, S., Porro, N. and Weyerhaeuser, H. (2006) Working together: forest-linked small and medium enterprise associations and collective action. IIED Gatekeeper Series No. 125. IIED, London, UK.

23.4 Influence phase

(Milestone 11) Month 18-24 – Use of dissemination products and “what next?” events with SME practitioners and policy makers in partner countries.

Status - achieved

In addition to in-country meetings in Brazil, Guyana and Uganda, an international meeting was held (allied to the Burnham Beeches conferences) in order to plan how to follow up and translate findings into concrete supportive actions. Some of these actions are now being taken by actors in the project countries, for example in Guyana the Iwokrama Rainforest Centre is establishing a forest association knowledge network – this will serve the dual function of raising the visibility of the products and services of remote forest associations, and help those associations gain better access to local support services (technical support, banks etc). In Uganda and India, similar networks are under consideration. A proposal has been prepared for follow-on activity with the full involvement of all partners. This can be shared with DFID on request.. At the international level, policy briefing materials are being designed to mainstream support to existing forest based associations through such knowledge networks.

(Milestone 12) Month 22-24 – Engagement with DFID and broader development community at an international level to promote findings and catalyse action for follow up.

Status – achieved.

Further discussion was stimulated by keynote presentations of results at two major international forums:

- “International Tropical Forest Investment Forum: Issues and Opportunities for Investment in Natural Tropical Forests” organised by ITTO and held in Cancún, Mexico, 26-27 April 2006. The paper given is to be highlighted in the September 2006 edition of ITTO’s *Tropical Forest Update*.

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“Small and Medium Forest Enterprise Development for Poverty Reduction: Opportunities and Challenges in Globalizing Markets” organised by CATIE and FAO and held in Turrialba, Costa Rica, May 23-25, 2006. See http://cecoeco.catie.ac.cr/descargas/Abs_Macqueen_Eng.pdf

An ID21 highlight of the results was prepared and has helped in catalyzing further activity (attached as Annex 3):

<http://www.id21.org/nr/n4dm1g1.html>

Through these meetings and formal and informal networks of which IIED and partners are part – this project has helped to increase attention to these issues at international level – shaping the debate on the most useful forms of development support to the sector.

In addition IIED has secured funding for plans to build understanding in international processes of how SMFEs and their associations can deliver fair and sustainable improvements to livelihoods. Specific plans include:

- Organizing a ‘Tropical Forest Forum’ meeting and follow-up meeting on fairer trade in timber. A one-day meeting of the UK Tropical Forest Forum will be held in London, probably on 26 September, on the theme of “small enterprise development and forests”. Up to 50 people from primarily UK-based institutions are likely to attend. – This meeting will be immediately followed by a one-day meeting of a specific emerging alliance on fairer trade in timber, to develop ideas on practical schemes, including those on fair trade forest products, and how to strengthen them. This will involve preparing a keynote presentation, inviting key European and international protagonists on fair trade and forest enterprise, and organizing all elements of the meetings.
- Contributing to the international conference on “Managing forests for poverty reduction: capturing opportunities in forest harvesting and wood processing for the benefit of the poor”, in Ho Chi Minh City, Vietnam, 2nd to 6th October 2006. Following the CATIE-FAO meeting in May 2006 this FAO-led multi-agency meeting will provide an excellent opportunity to strengthen an alliance around “Community enterprise communication networks” (currently involving IIED, CATIE and FAO – and we seek to dovetail this with RRI activities, see below). IIED has been asked to make one of the keynote presentations and give other papers at this conference. A side event is also planned.
- Engaging with, and helping to shape shape, ITTO and World Bank processes over the coming year, especially at a planned meeting in Acre, Brazil in November 2006 and one of the coming regional forest investment forums co-planned by ITTO and the World Bank in 2007 (one likely in Southeast Asia, another in the Congo Basin). Contacts with key programmes of the International Finance Corporation (IFC) will also be developed around these forums with a view to enhance effective IFC support for SMFEs.
- Contributing to the Rights and Resources Initiative theme on “Strengthening community networks” by incorporating findings from an ongoing programme on SMFE communication support networks into plans and regional meetings of the RRI.
- Organizing a UNFF side event at UNFF Feb-March 2007 to take forward responsible SMFE forestry – with an alliance of as many initiatives as possible, or those involved in the above events and key UNFF member government agencies - harnessing the potential of SMFEs to contribute to fair and sustainable livelihoods. The aim will be to present a specific agenda that reduces over-regulation, promotes fairer trade and judicious subsidies, and builds SMFE support services through national community enterprise communication networks.

3. Findings

3.1 COHESION — WHAT DEVELOPMENT ‘ENDS’ DO ASSOCIATIONS DRIVE TOWARDS?

3.1.1 Some introductory pointers from group theory

Associations or groups of different kinds exist to further the common interests of their members or “*journey together with a view to particular advantage*” (Aristotle, circa 322 BC). In short, “*there is no group without its interest*” (Bentley, 1949). Individuals must choose whether to go it alone, or work together. The choice has a bearing on survival – often couched in terms of the “*survival of the fittest*” (Spencer, 1864). But to understand why associations form, we must first understand that survival is not necessarily best achieved alone:

“Darwin was quite right when he saw in man’s social qualities the chief factor in his evolution, and Darwin’s vulgarisers are entirely wrong when they maintain the contrary”
(Kropotkin, 1902)

Four main factors influence the extent to which an individual will put aside self-interest in favour of collective interest (N.B. benefits and costs are often non-financial in nature):

- Philanthropy - what is the individual’s concern for the welfare of others within the group?
- Size of the group – what is the overall cost of achieving the collective interest? (see Olson, 1965).
- Distribution of benefits – what is the value to an individual of his or her portion of the collective interests championed by the group?
- Distribution of costs – what is the cost to an individual of contributing to that group?

Groups form either reactively (to some threat to member’s interests) or proactively (toward some perceived opportunity for member’s interests). Reactive groups may form in response to government requirements or as options of last resort in the face of commercial competition (Altenburg and Meyer-Stamer, 1999; Schmitz, 2003). Examples of ‘last resort’ include many struggling timber growers associations that have emerged in South Africa following difficulties with corporate outgrower schemes (Bukula and Memani, 2006). For many of these the main collective interest is simply survival.

Proactive groups tend to have more strategic collective interests – and greater long-term prospects as a result. Previous studies document three development ‘ends’ that motivate individual members to join associations (Macqueen et al. 2005a; 2005b) including:

- reducing transaction costs
- strategically adapting to new opportunities
- lobbying to shape the policy environment

Lessons from our six country case studies describe in more detail how associations are the means to achieve these ends.

3.1.2 Reducing transaction costs

Grouping together allows forest-linked enterprises to become more scale-efficient. Working together can drive down prices and reduce the time and costs of acquiring inputs. For example, in South Africa the Kwangwanase Association of small timber growers hires a truck at harvest time to reduce members' transport costs (Bukula and Memani, 2006). Similarly, some assistance programmes may require a certain scale in order to disperse funds. For example, in Uganda, members of the Kamusiime Memorial Rural Development Association (KMRA) combined their land to meet the required 25Ha size required for grants under the EU funded Sawlog Production Grant Scheme (SPGS) (Kazoora et al. 2006)

Sharing information enhances entrepreneurial capacity. A groups' reputation for quality products or services requires shared standards among members. For example, the Swayimane Small Growers Association in Warburg, South Africa runs regular training and information workshops for its members covering all aspects of small-grower forestry (Bukula and Memani, 2006).

Joint skill training cuts costs. Providing training for a group is more cost effective than for one entrepreneur at a time. For example, the Kabakaburi Handicraft Association (KHA) in Guyana managed to secure funding from the Inter-American Institute for Cooperation for Agriculture (IICA) to train association members in pottery, joinery/carpentry, sewing and craft making (Ousman et al. 2006). In some cases, a dedicated training association may be the answer. For example, In Uganda the Uganda Community Tourism Association (UCOTA) was formed to promote community tourism by giving training in tourism marketing, organizational strengthening and craft making (Kazoora et al. 2006).

Collective bargaining power secures better outlets. Large sale volume is a powerful negotiating tool. For example, the South African Sakhokuhle Association, an umbrella body with 1400 small-grower members, has successfully negotiated better transport rates for association members wishing to sell their timber product (Bukula and Memani, 2006).

Cutting out unnecessary intermediaries increases the share of benefits for poor producers. Some brokers play an important role in matching supply from diverse producers with demand, but this position of power can often result in a poor deal for producers. For example, in Brazil the Cooperativa dos Agricultores de Medicilândia (COOPERSAME) formed with the express intention of restructuring the Cocoa market chain such that producers in the State of Para could challenge the power of middlemen and large traders to obtain prices comparable with elsewhere in Brazil (Campos et al. 2005).

3.1.3 Strategically adapting to new opportunities

Looking ahead helps to anticipate market opportunities. Developing a strategic plan can help to place products and services in emerging markets. For example, the Brazilian Cooperativa de Produção Agropecuária e Extrativista dos Municípios de Epitaciolândia e Brasília (CAPEB) started to keep rural workers on the land. It also aimed to commercialize and improve markets for products such as Brazil nuts. Having established a processing plant, CAPEB now hopes in the near future to add value to the product (through salting, flakes, fillings etc). It also plans to develop animal feed from the Brazil nut shell. Launching a new rubber product range and processing the pulp of a local palm fruit Açaí are additional plans (Campos et al. 2005).

Taking advantage of donors can help to install new capacity. Inclusive and representative self-help organisations are attractive to donors. For example, the Kamuni Women's Handicraft and Sewing Development Association in Santa Mission Village, Guyana, successfully applied to the Canadian International development Agency (CIDA) for a new craft centre. It came fitted out with water tanks, five sewing machines and new furniture (Ousman et al. 2006).

Focusing on processing and packaging is a quick way to add value. It is often not the product itself, but the look of it that makes or breaks a successful enterprises. For example, the Madhya Pradesh Minor Forest Produce (Trading and Development) Cooperative Federation Limited has opened a retail outlet (Sanjeevani) in Bhopal for medicinal plant sales. It has invested in drying, grading powdering and packing in various districts to enhance product value (Bose et al. 2006).

Developing quality standards and skills enhances consumer confidence. Reliable quality in all that the association does is a foundation for success. For example, the Kamuni Women's Handicraft and Sewing Development Association in Guyana plays a key role in training members in handicraft production. But it also maintains the quality of craft and the regularity of production. It applies penalties if members fail to produce craft for more than 3 months (Ousman et al. 2006).

Investing in product development research and marketing improves long-term prospects. Remaining at the cutting edge of product design is crucial. For example, the Federation of Rajasthan Handicraft Producers (FORHEX) in India has instituted awards for outstanding handicraft producers. It organises an annual symposium to share designs. It also runs seminars on trends in home furnishing. Visual merchandising and procedures for setting up export-orientated units are an additional focus. Association workshops explain export promotion of novel handicrafts and select leading members to participate in European trade fairs (Bose et al. 2006).

3.1.4 Lobbying to shape the policy environment

Using collective bargaining power can tip the balance in favour of smaller enterprises. Decision-makers may ignore individuals, but it is more difficult to overlook large organised groups with people employed to agitate on their behalf. For example, the District Yamunanagar Plywood Manufacturers' Association in India took issue with a new Form 38 introduced in 2002. The new form made the procedure for sales tax collection cumbersome. The association, together with the whole timber industry, called a strike until the government withdrew the offending Form 38 (Bose et al. 2006).

Liberating resources for legal action is important in intractable situations. It can be expensive to campaign for rights through the courts. By working together, it may be possible to hire legal expertise to push for rights. For example, the Uganda Wood Farmer's Association formed specifically to sue the Uganda Investment Authority (UIA). The UIA had created an industrial park overlying areas with trees planted and managed by farmers. Out of the litigation, the presiding judge ruled in favour of the farmers. He granted compensation equivalent to four tree rotations (Kazoora et al. 2006)

Avoiding schisms increases credibility. Personality differences and poor representation can lead to a fragmentation of associations, undermining their political influence. For example, the Uganda Forest Industries Development Association (UFIDA) established in 1990. But a break away group called the Uganda Commercial Tree Farmers and Saw-millers Association (UCTF&SA) split on grounds of poor representation. Acrimony led to a loss of credibility between the associations and the National Forest Authority (Kazoora et al. 2006)

The capacity to shape the policy environment often comes only after association success in lowering members costs or adapting to new opportunities. For example, the strike action of the District Yamunanagar Plywood Manufacturers' Association would have been less effective without buy-in from the other elements of the timber industry who respected the authority of that association.

The evidence presented above suggests that association functionality depends on particular strong collective interest. Whether the motivation springs from reducing transaction costs, or strategic adaptation or lobbying and advocacy work (or a mix of all three), effective action requires strong collective interest.

3.2 RESILIENCE - WHAT DECISION-MAKING STRUCTURES MAKE ASSOCIATIONS LAST?

Having introduced how associations can be means towards particular development ends, it is appropriate to consider what makes them last. Several features appear to have widespread currency among successful associations. For example, associations tend to last when they arise from a strong degree of autonomy (rather than being catalysed from outside). They last if mechanisms for accountability are in place for leaders and leaders are chosen on past social commitments. They last if procedures evolve to institutionalise the gains made by early founding members. Finally, they last if they maintain a focus on a few achievable objectives. We give examples of specific features that make associations last below.

3.2.1 A strong degree of autonomy

Avoiding political interference is usually advisable. While it may be difficult to avoid in some contexts (e.g. China), political patronage usually offers only short term security. There are many examples from Brazil of association failure resulting from political patronage that evaporated with a change in government (Figueiredo et al. 2006). In Yunnan, China, political interference is strong – and associations weak as a result. For example, the narrowly construed Yunnan Forest Products Industry Association currently does little more than hold an annual meeting. It offers few meaningful business support functions. But this may be set to change as forest companies begin to play a greater role in managing the association (Weyerhaeuser et al. 2006).

Starting independently builds ownership and commitment. Almost every study dealing with associations has highlighted the benefits of independent beginnings, free from external interference. Where external forces drive the formation of associations, these same associations often implode once that external support is withdrawn. In Uganda, USAID supported COVOL in 1995 to improve shea nut butter across 400 community-based organisations – which amalgamated into the Northern Uganda Shea Producer's Association (NUSPA). But USAID withdrawal in 2000 and subsequent disruption by the Lord's Resistance Army rebels led to the collapse of the association (Kazoora et al. 2006).

Willingness to be trailblazers can lead to lasting success. It is often unique ideas based on local needs that anchor associations over time. For example, in Guyana, the North Rupununi District Development Board (NRDDB) and Surama Eco-tourism Project saw tourism as a way of reviving their Makushi indigenous culture. Together with the Makushi Research Unit (MRU) they have been successful not only in developing a flourishing tourism venture, but also getting the Makushi language into schools and reviving traditional dances (Ousman et al. 2006).

3.2.2 Accountable leadership with a history of social commitment

Instituting regular elections avoids becoming saddled with poor leaders. It is just as important to remove the wrong leaders as to select the right leaders in the first place. For example, the Associação de Trabalhadores Rurais da Gleba Boa Esperança / Entre Rios in Mato Grosso Brazil has gone through four different leaderships. Two of these failed to deliver to dispersed members. A third was involved with illegal sales of timber and land plots. The fourth was too heavily involved with party politics that tarnished the association with the change in government. Unsurprisingly, members value their capacity to vote in new leaders (Figueiredo et al. 2006).

Choosing leaders with history of commitment to the cause makes sense. Members who have served well in a voluntary capacity are likely to make good leaders. For example, Ugandan interviewees regarded previous experience as the most important leadership quality after the ability to read and write. Many of the poorest associations involved leaders who partly subsidised association activities out of personal commitment to the collective interest (Kazoora et al. 2006).

Making sure that association processes are open builds collective capacity. Investing in future leaders is always worthwhile. For example in the association of the Settlement Project California in Mato Grosso, Brazil, the youth make up 12% of the association members. The association has worked in partnership with the municipality to develop programmes at the local high school and build sports facilities in the settlement (Figueiredo et al. 2006).

3.2.3 Evolving procedures

Aiming for gradual institutionalisation avoids dependency on charismatic leaders who might leave. While dynamic leaders can carry an association at the beginning, longer-term survival depends on well-understood rules and procedures. For example, in Nova California in Brazil, two small rural producers associations joined in 1988 to form the cooperative called Reflorestamento Econômico Consorciado e Adensado (RECA). While early producer members defined the initial objectives, RECA has now evolved a unique organizational structure. It groups members by area with regional coordinators (male and female). A one-year membership trial period helps to build membership quality. Clear rules governing decision-making and the partitioning of costs and benefits are a major strength (Campos et al. 2005).

Keeping financial discipline tight helps unity as the association grows. Associations with financial irregularities quickly unravel. For example, in a review of 62 associations in Uganda, 71% had a bank account (some were too remote or too poorly endowed for it to be worthwhile). Even more (87%) kept accounts and made them public to members (Kazoora et al. 2006). With doubt over financial dealings, for example in the Amerindian Handicraft Association in Guyana, members quickly became reluctant to pay the 10% fee to the association required on the sale of craft products. Many opted to sell direct to buyers (Ousman et al. 2006).

Building on core expertise helps to avoid sudden collapses. Most successful associations do a few things, but do them well. In India, there have been documented examples of the evolution of association functions. For example, in the state of Madhya Pradesh, the Lok Vaniki Sangh association formed to lobby for more conducive timber processing and transport laws for private forest owners and tree farmers. With the success of its initial campaign, it then evolved into the State-level apex federation. This allowed it to represent district and local federations. Its main role became institutional strengthening and getting working schemes approved – but without shifting away from its core competence (Bose et al. 2006).

3.2.4 A restricted focus on a few long-term issues

Keeping it simple at the start allows time for successful functions to develop. For example, in Guyana, an association of the Kwakwani Community together with the Region 10 Forest Producers Association formed the Upper Berbice Forest Producers Association (UBFPA). Their aim was more secure jobs. They successfully campaigned for a Timber Sales Agreement (TSA - a large concession). With secure access to forest land they improved the viability and sustainability of timber production. Problems associated with sustainable harvest from the TSA have subsequently led them to diversify into replanting manicole (heart of palm), fish farming and NTFPs. But all these later activities maintain a strict focus on improving jobs for the association members. (Ousman et al. 2006)

Avoiding short-term single drivers improves long-term prospects. The risk is that when the association achieves short-term aims, it can become redundant. For example, in Brazil, many forest-based associations formed initially simply to gain access to government credit (e.g. FNO-Especial) that required formal establishment. Once associations accessed this credit, many quickly became empty shells (Campos et al. 2005).

Adding value to products and services that already exist is a good strategy. It is often best to build on what you know. For example, the Madhya Pradesh Silk Federation aims to ensure fair prices for people involved in silk production. It now works at all levels of the market chain. It conducts research and development to ensure the continuous availability of good quality mulberry trees for feeding silkworms. It sponsors plantation programmes. It facilitates cocoon and silk thread production in remote rural areas. The association performs quality checks on the production of silk cloth. Finally, it markets silk through government organised fairs and exhibitions at national level (Bose et al. 2006).

The evidence presented above suggests that association functionality depends on the credibility and legitimacy of different types of decision-making processes and association governance. Strong autonomous leadership and evolving clear procedures are keys to success.

3.3 EQUITY - WHAT FACTORS MAKE ASSOCIATIONS FAIR?

Preceding sections have shown what development ends association form to achieve, and what features make them last. In this section, we turn to those features that ensure that benefits spread equitably among the poorest and most marginalised members. An essential starting point is the investment in democratic processes. Additional features that improve equity include transparency over costs and benefits (especially finances). Having clear procedures to detect and deal with conflict also improves equity. We unpack in more detail some of the features that ensure greater equity below.

3.3.1 Democracy and representation

Investing in democracy is the best guarantee of equity. Collective interest benefits from one member one vote. There may be a need for tiered decision-making – separating decisions of the executive committee from general membership in larger associations. For example, the Guyana Forest Products Association has monthly meetings of the 12 member Executive committee requiring a quorum of 6 members, plus less frequent general membership meetings requiring a quorum of 50% of members to take decisions (Ousman et al. 2006).

Avoiding dominance by powerful industries can improve social gains. The membership of the executive committee or equivalent is crucial in determining many day-to-day decisions. For example, in South Africa, the large industrial association – Forestry South Africa – has an executive committee dominated by large timber growers (5 members). These carry more weight than medium growers (3 members) and small growers (2 members). Large industries and their interests therefore dominate discussions. The flourishing of many alternative associations of small producers is one outcome (Bukula and Memani, 2006). In some instances, very large associations can benefit from sub-groups that deal with specific issues. For example, a papermaking sub-group may develop within the Yunnan Provincial Forest Products Industry Association in China (Weyerhaeuser et al. 2006).

Giving adequate consideration to gender representation is a solid basis for greater equity. There are often very different livelihood concerns between men and women. For example, Uganda follows a common trend. Despite women making up 53% of the members of the 62 associations surveyed, fewer women (44%) held leadership positions (Kazoora et al 2006). In many countries, women found their own associations in order to have their interests represented. For example, in the Caetés Settlement in Brazil, two existing associations (the Association of Small Rural Producers – 17 of April and the Association of Small Producers of Caeté) failed to represent women’s interests. The Association of Caetés Women formed as a result (Figueiredo et al. 2006). In exceptional cases, associations decide on strict gender equity – for example in the Reflorestamento Econômico Consorciado e Adensado (RECA) (Campos et al. 2005).

3.3.2 Transparency over costs and benefits

Articulating costs and benefits and sticking to them can avoid abuses by powerful elites. Trust grows when members know what their rights and obligations are. For example, although few associations in Uganda charged membership fees (34%) interviewees felt that such payments were good practice. Even if tiny, payments strengthened ownership and concern over association activities. Most association members (87%) felt they were better off than non-members. Membership advantages included training, employment, product sales, self-esteem, land ownership and freedom of expression (Kazoora et al. 2006). Clarifying what benefits and costs were due was critical to many of the associations in Guyana (Ousman et al. 2006).

Maintaining transparent records especially of finances helps marginalised groups. Knowing who is getting what avoids corruption. For example in Guyana, one of the main attributes of the success of the Kamuni Women’s Handicraft and Sewing Development Association is the meticulous financial record keeping of the stock held in the newly built craft sales centre (Ousman et al. 2006).

Getting the mix of short and long term incentives right helps to include the interests of the poor. Immediate interest such as markets for products need to be balanced against longer term interests, such as employment derived from sustainable resource management. For example, the Chico Mendes association in Acre, Brazil originally started through Brazil nut collection alone. But it is now developing tree nurseries based on superior genotypes to reforest particular areas (Campos et al. 2005).

Grading membership costs and benefits can improve inclusion of the poor. Graded membership can also be used to build loyalty for continuing membership. For example, in India the FORHEX association has three types of members, founder members, chartered members and associate members. The latter pay reduced fees and receive partial benefits in comparison with the former two categories. The Madhya Pradesh Minor Forest Produce (trading and Development) Cooperative Federation Limited has a set membership fee, but distributes profits in line with particular activities

– 50% to primary collectors, 20% for forest regeneration and 30% for infrastructure development (Bose et al. 2006).

Building in additional social benefits for marginalised groups can strengthen association unity. For example in Brazil, association barbecues / games proved a popular reason for belonging to the Association of the Settlement Project California (Figueiredo et al. 2006). In India, the Harda District Timber Merchant Association (HDTMA) collects money and makes loans to particularly needy members who have suffered losses beyond their control (Bose et al. 2006).

3.3.3 Clear conflict resolution procedures and effective sanctions

Expecting and preparing for conflicts can reduce power imbalances. Conflicts usually hurt the weakest groups most. For example in India, the Saharanpur Wood Carving Association (SWCA) in Uttar Pradesh formed in 1960 to represent the wood carving industry. It successfully campaigned for changes in tax incentive and export policies. But disputes among the office bearers in 2004 caused the president to leave to establish the Saharanpur Wood Carving Manufacturers and Exporters Association (SWCMEA) that grew rapidly to 300 members. The new association took many of the former members of the SWCA with it. Lack of formal dispute resolution procedures could have avoided this (Bose et al 2006).

Keeping track of what causes disputes and why can help to improve equitable benefit flows over time. One useful strategy is to ensure space for extra-ordinary meetings. Such meetings deal with contentious issues, new developments, hosting important visitors or discussing new government policies. In Uganda, 95% of the surviving associations had procedures in place to call such meetings (Kazooru et al 2006).

Developing clear disciplinary guidelines irrespective of position can improve equity. The credibility of the association (and the willingness to pay membership fees) often hinges on how people who fail to pay are treated. For example, the Guyanese Orealla Fruit Cheese Women's Association (that makes forest fruit jams) stipulates an annual membership fee, commitment to waged work in the 'fruit cheese' production facility and regular participation in meetings. Then association expels members if they fail to pay the annual membership fee or if a two-thirds majority vote against them (Ousman et al. 2006).

Finding ways of rewarding members and penalising free riders helps to reward those who sacrifice most to belong. It is vital that members perceive some advantage over non-members. For example in Brazil, the Brazilian Cooperativa de Produção Agropecuária e Extrativista dos Municípios de Epitaciolândia e Brasília (CAPEB) offers its members more competitive prices for agroforestry products, better credit and a percentage of the total profit made by the cooperative (as a bonus) (Campos et al. 2005)

The evidence presented above suggests that association functionality depends on the extent and adequacy of representation of different interest groups including gender representation – and the mechanisms by which associations deal with disputes.

3.4 SUPPORT - WHAT ASSISTANCE IS APPROPRIATE?

Having looked in turn at: what development ends associations drive towards; what makes them last; and how equity is enhanced; it is now appropriate to examine what assistance can best help associations to achieve desirable development goals. It is often the case that supporters (i.e. donors)

have pre-set agendas. But our research suggests that support is best when it responds to associations own agendas – orientated towards self-help rather than dependency on grants. An area where support is often most welcome is in improving information flows in various areas. We describe in more detail some steps that form the basis of a framework for supporting associations achieve their development aims.

3.4.1 Responsive to existing association objectives

Forcing particular models of association can cause lasting damage. For example, in Uganda the cooperative form of association provokes a highly negative reaction because of the high failure rates among government-sponsored cooperatives in the 1980s (Kazoora et al. 2006).

Working with what exists is usually better than founding new associations. While it may be necessary to catalyse new associations, they rarely last if there is lack of internal ownership and momentum. For example, many of the associations surveyed that had their origins in external support were in a state of crisis. For example, in Brazil the state agricultural extension agency EMBRAPA founded the Associação dos Produtores Rurais em Manejo Florestal e Agricultura (APLUMA) as a timber management project. Members felt the association was highly unorganised with multiple conflicts. Interviewees described little ownership by members, little trust in the leadership and little unity between members! (Campos et al. 2005).

Investing in getting to know the association is fundamental to well-targeted support. Assumptions about what associations need can do more harm than good. There are many good example of responsive support based on a real knowledge of the associations needs. In many cases, successful support occurs through loans in response to demand from the association itself. In Uganda Kazoora et al. (2006) cite multiple successful loans from institutions such as national and international NGOs, churches, development and village banks and other associations or credit unions. But there are also examples of inappropriate external schemes such as outgrowing soybeans in Brazilian forest areas. The scheme collapsed with the fall in soybean prices in 2005 (Figueiredo et al. 2006)

Improving the visibility and reach of existing association is a vital, but often overlooked, priority. One of the most productive forms of support is to document and promote the activities of associations. For example, some of the success of the North Rupununi District Development Board (NRDDB) in Guyana has come from the tireless engagement and promotion of its activities by the Iwokrama International Centre for Rain Forest Conservation – linking to various other donors (Ousman et al. 2006). In China, the Zhajaiwa Village's Persimmon Association posted information about its products in the Baoshan Forestry Bureau's publications and secured buyers from as far away as Shanghai (Weyerhaeuser et al. 2006).

3.4.2 Orientated towards self-help

Fostering umbrella groups that represent multiple associations is a quick way to spread the benefits of associations. Good articulation between dispersed rural associations and central services is a major issue. Umbrella associations such as the Budongo Forest Conservation and Development Organisation (BUCODO) or the Uganda Honey Association (UHA) in Uganda help to represent diverse interests of member associations and target support more effectively (Kazoora et al. 2006)

Underwriting networking services can build self-reliance. Collating the multiple sources of support upon which associations can draw is often a critical service. For example in Uganda, Kazoora et al. (2006) list 22 different national government services, international donor programmes, NGO and other private sector initiatives that are explicitly geared towards supporting SMFEs and their

associations. It is often less important to provide new support and more important to link associations with support that already exists. It may sometimes be necessary to cover the travel or communication costs to make that possible.

Making finance work is a challenge but there are many good models to draw on. Finance may involve external loans but internal credit unions or revolving loan funds often work just as well. For example, the North Rupununi District Development Board (NRDDB) in Guyana runs a women's revolving loan scheme for small loans at 5% interest. It also finances a larger North Rupununi Credit and Development Trust (NRCDT) geared towards business start up – initially repayable in 6-9 months at which time a second larger loan can be accessed (Ousman et al. 2006).

3.4.3 Built upon good information

Improving flows of external information on product design and markets is almost always helpful. One of the bottlenecks for remote forest-based associations is lack of information about what consumers want. Support in this area through printed or radio bulletins or by financing visits to trade fairs can be very useful. For example, the Essential Oil Association of India (EOAI) publishes a journal entitled 'Indian perfumer' with latest research and market information. It also sponsors workshops and seminars for member entrepreneurs (Bose et al. 2006).

Improving internal administrative capacity is worthwhile even if the association then fails. In the short term, it can help associations to be 'bankable' and attract credit. For example, Forestry South Africa (with funding from the UK Department for International Development) has helped to support many of the smaller timber grower groups to form associations, helping to design a communication strategy to further enhance their capacity (Bukula and Memani, 2006).

Matching gaps with relevant training requires specific knowledge but is another long-lasting form of support. It can often help to bring successful entrepreneurs from one association to another to share technical tips. For example, in Guyana the Ministry of Amerindian affairs sponsored a useful exchange visit. An experienced member of Kabakaburi community trained craftswomen of the Orealla Women's Group in the making of tibusiri¹ craft (Ousman et al. 2006). In many cases, associations need to patch together support from different sources. For example, in Brazil, the Associação de Mulheres e Campo e Cidade de Porto de Moz (EMANUELA) received multiple types of support. Financial support came from an umbrella association FVPP and the Ministry of the Environment. Political support came from the workers party (PT). Technical support came from the Centre for International Forestry Research (CIFOR) and the Brazilian agricultural extension agency EMBRAPA (Campos et al. 2006).

The evidence presented above suggests that association functionality can be both impaired and assisted by external intervention. The danger is that external support imposes structures and incentives that are not sustainable in the end. But support that responds to existing associations' expressed needs can be highly productive.

¹ Tibusiri straw is extracted from the young shoots of native Guyanese palms, followed by the stripping process to separate the white straw from the green. The white is boiled (and becomes cream in colour) and the green (that turns brown) is left to dry in a cool place for several days. The combination of cream and brown colours blend beautifully into woven items that are very popular with tourists and local tradesmen.

3.5 POLICY IMPLICATIONS FOR DFID

Previous research has shown the extent to which small and medium forest enterprises are marginalised by current government policies and programmes (Macqueen and Mayers, 2006).

The single major policy implication from this project is that forest based associations can and do work in places where little else does to improve the livelihoods of the poor – and should be supported as a result.

Because political and large company elites tend to stack the policy environment in their favour, it is unlikely that direct budgetary support will be the most efficient means of channelling support to autonomous enterprise associations that represent the poor.

There may be some potential for conditionality to the effect that small and medium enterprises should feature strongly and be supported within overarching poverty reduction frameworks. But budget conditionality is a blunt way of effecting desirable change.

It may be much more productive to partner direct budgetary support with direct mechanisms to support forest-based association. This would avoid the usual scenario of ‘willing’ decision makers being unable to enact desirable policies through lack of capacity. In summary, DFID could:

3.5.1 Use the leverage of direct budget support

If poverty reduction is the aim, small and medium enterprises and their associations should feature strongly and be supported within overarching poverty reduction frameworks. Specific indicators could be developed (provided there is sufficient technical expertise in-country to design and monitor them). Such indicators could be based on steps to:

- *Make association easy and advantageous* – in many countries formal registration of businesses and associations is massively bureaucratic or centralised. The same is true of much sectoral legislation. Indicators could be developed for the reduction of bureaucratic hurdles, the development of assistance to smooth registration, and the establishment of channels to support small and medium enterprises and their association.
- *Favour local associations in government procurement* – market access is a perennial problem for forest-based associations. Government procurement policies that favour local products are not only likely to have substantial political cache but also can mean the difference between survival and failure for local associations.

3.5.2 Establish direct mechanisms to provide support to forest based associations

It usually takes considerable sectoral development before umbrella associations have sufficient members (and capital) to invest in information technology, design and product innovation. Knowledge networks are therefore often absent or suboptimal in developing countries. This makes an excellent opportunity for donors with sufficient flexibility to subsidise the creation of such entities:

- *Subsidise information services to associations* – lack of information on registration procedures, available finance, market trends and technological innovations is a major impediment to progress and is a good starting point for support.
- *Support networking and training especially through umbrella associations* – some associations already have good linkages – but many would benefit from exposure to other like-minded product or service groups. Finding ways to support trade fairs, workshops, and seminars can be very useful.

4. DISSEMINATION AND PROMOTION

For a description of the dissemination plans and how these have been achieved please refer to section 2.3. The following constitutes a full list of the published materials arising from this project:

- Boyd, G. (2005) Organisational mechanisms that best serve the poor. Caledonia and IIED, Edinburgh, UK.
- Bukula, S. and Memani, M. (2006) Speaking with one voice: the role of associations of small and medium enterprise driving change in the South African forest sector. Upstart Business Strategies and the International Institute for Environment and Development (IIED), London, UK.
- Campos, M., Francis, M. and Merry, F. (2005) Stronger by association – improving the understanding of how forest-resource based SME associations can benefit the poor. Instituto de Pesquisa Ambiental da Amazônia (IPAM) and the International Institute for Environment and Development (IIED), London, UK.
- Figueiredo, L.D., Porro, N. and Pereira, L.S. (2006) Associations in emergent communities at the Amazon forest frontier, Mato Grosso. Instituto de Pesquisa Ambiental da Amazônia (IPAM) and the International Institute for Environment and Development (IIED), London, UK.
- Macqueen, D.J. (2004) Small and medium forest enterprise associations – An initial review of issues for local livelihoods and sustainability. IIED, Edinburgh, UK.
http://www.iied.org/docs/flu/SME_pubs/SME_Associations.pdf
- Macqueen, D.J. (2006) Opportunities and challenges for integration of small and medium forest enterprises into value chains. Paper presented at the International Conference on ‘Small and Medium Forest Enterprise Development for Poverty Reduction: Opportunities and Challenges in Globalizing Markets’ organised by CATIE and FAO and held in Turrialba, Costa Rica, May 23-25, 2006
- Macqueen, D.J. (2006) Governance towards responsible forest business: Guidance on different types of forest business and the ethics to which they gravitate. IIED, Edinburgh, Scotland.
- Macqueen, D.J., Vermeulen, S., Kazoora, C., Merry, F., Ousman, S., Saigal, S., Wen, S., and Weyerhaeuser, H. (2005a) Advancement through association: Appropriate support for associations of small and medium forest enterprise. Pp 79-98 in: Bigg, T. and Satterthwaite, D. (2005) How to make poverty history – the central role of local organisations in meeting the MDGs. IIED, London, UK.
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- Mayers, J. (2006) Small-Medium Forestry Enterprises: The ‘best-bet’ for reducing poverty and sustaining forests?² Paper presented at the International conference on “International Tropical Forest Investment Forum: Issues and Opportunities for Investment in Natural Tropical Forests” organised by ITTO and held in Cancún, Mexico, 26-27 April 2006. The paper given is to be highlighted in the September 2006 edition of ITTO’s *Tropical Forest Update*.
- Merry, F. and Macqueen, D.J. (2004) Collective market engagement. Woods Hole Research Centre, USA. http://www.iied.org/docs/flu/PT7_collective_market_engagement.pdf
- Ousman, S., Roberts, G. and Macqueen, D.J. (2006) Development from diversity: Guyana’s forest based associations. Guyana National Initiative for Forest Certification (GNIFC) and the International Institute for Environment and Development (IIED), London, UK.
- Weyerhaeuser, H., Wen, S. and Kahr, F. (2006) Emergikng forest association in Yunnan, China – Implications for livelihoods and sustainability. World Agroforestry Center, ICRAF-China and the International Institute for Environment and Development (IIED), London, UK.

² This summary draws on the following forthcoming report: Macqueen, D.J. and Mayers, J. (2006 forthcoming). *Forestry’s messy middle: a review of sustainability issues for small and medium forest enterprise*. International Institute for Environment and Development, London.

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Annex 2. Questionnaire template

INTERVIEW : _____ - _____

(USE SEQUENTIAL NUMBERING LINKED TO A CODE FOR EACH ASSOCIATION)

NAME OF ASSOCIATION: _____

ADDRESS: _____

TELEPHONE NUMBER : (_____) _____

QUESTIONNAIRE 1 – LEADER OF THE ASSOCIATION

- Our research aims to understand what factors determine the usefulness of different types of association in forest-based areas – to help other groups learn from what works well.
- In order to achieve this we are conducting interviews of leaders and members of associations in this region.
- This research is part of a broader international project co-ordinated by the International Institute for Environment and Development (IIED) carried out in partnership with institutions in Brazil, China, Guyana, India, South Africa and Uganda
- All the information collected as part of this interview process will be strictly **CONFIDENTIAL!** We will never divulge what individual interviewees said during these interviews.
- There are no right or wrong answers to these questions – what is important is that you give your honest opinion about each question. Your knowledge is essential in understanding how we can make associations work better.
- Each interview will last approximately one hour long.

A. GENERAL INFORMATION

Date: _____ Interviewer : _____

District: _____ Place of interview: _____

B. PROFILE OF INTERVIEWEE

Before we discuss the association itself it would be useful to know a little background about yourself and your role in the association

Name: _____

Sex: Masculine () Feminine ()

Date of birth: |_|/|_|/|_|_____

What is your role in this association?: _____

How long have you been involved with this association? _____

Have you always been based here? () yes () no

If no, where were you before? _____

Have you been involved in associations other than this one? () yes () no

If yes, which? _____

If yes, what role did you play and for how long? _____

C1. ASSOCIATION history and objectives?

The objective of this section is for us to learn how this particular association came into existence (and to gain an understanding in general of how associations form).

Our assumption is that associations form when there are strong shared objectives between members, and we want to assess whether this is the case and what those shared objectives might be.

What led to the idea of creating an association and who suggested it?

When was the association formally founded? |_|_| / |_|_| / |_|_|_|_| (if you do not have a precise date give the approximate year)

Was the idea for this association:
() innovative and new or () copying the example of other associations elsewhere?

What were the main reasons for you to want to work together in an association rather than as individuals?

What was done to encourage members to join this association?
() special meeting
() incentives (e.g. money, gifts), what? _____
() shared common interest and word of mouth
() other _____

Is membership growing () yes () no

If yes, what is attracting new members?

If no, why are members leaving?

What were the original stated objectives of the association in any articles of association?

1. _____
2. _____
3. _____
4. _____
5. _____

How were these objectives decided and by who?

Do these stated objectives still represent the main purposes of the association today? () yes () no

If no, how have the objectives changed over time?

In your opinion how well do the objectives match the needs of the members?

(circle one of the numbers below)

Scale	0	1	2	3	4	5
	not at all	very poorly	poorly	reasonably	well	perfectly

Is there anything you would like the association to do which it currently does not do?

C2. membership and its costs and benefits

The objective of this section is for us to learn why members participate in this particular association (and to gain an understanding in general of how costs and benefits can best be distributed in an association).

Our assumption is that associations function well when there the costs and benefits of membership are equitably shared between members, and we want to assess to what extent this is the case.

Is membership open to individuals or institutions or both?

How many members belong to this association?

Total: _____ and if applicable (Men: _____ and Women: _____)

If members are individuals what age categories do they fall into? (tick several if necessary)

- under 21 years
- 21 to 40 years
- 41 to 60 years
- more than 60 years

Is membership restricted in any way (e.g. limited to a geographical region, limited to a type of employment, limited to one gender type etc)

What is required to become a member of this association?

1. _____
2. _____
3. _____
4. _____
5. _____

Are any membership fees collected? yes no

If yes,

- monthly in cash, value \$ _____
- monthly in product – what and how much? _____
- annually in money, value \$ _____
- annually in product – what and how much? _____
- other, describe? _____

Are there any other ongoing responsibilities for members?

1. _____
2. _____
3. _____
4. _____
5. _____

Are there different levels of membership (full or partial membership, full or limited voting rights etc) or particular concessions for special-needs groups and how do these work?

In your opinion what are the benefits of membership?

1. _____
2. _____
3. _____

4. _____
 5. _____

How equitably do you think the costs of membership and the benefits of being a member are shared?
(circle one of the numbers below)

Scale	0	1	2	3	4	5
	not at all	very poorly	poorly	reasonably	well	perfectly

In your opinion what could be done to improve the participation in this association?

C3. Association governance and decision making

The objective of this section is for us to learn how this particular association is managed and how key decisions are made (and to gain an understanding in general of the benefits of different association management structures).

Our assumption is that the survival of an association over time depends critically on the quality of decision making processes, and we want to assess what alternative models exist and what are the advantages and disadvantages of each

What are the main positions of authority in this association?

Name of position	Duty

How are these leaders chosen?

- membership vote decided by the leadership group
 appointed from outside other, how? _____

Is there a regular process for re-selection? yes no

If yes, how long does each key position last before a new selection process?

Are there particular requirements for the positions of leadership in the association?

- yes no

If yes, which of the following apply?

- previous leadership experience in an association
 minimum time of membership of the association (how long?): _____
 minimum education level (what level?) _____
 membership of some other organisation, which? _____
 other, (what?) _____

How often does the leadership of the association meet to discuss important issues?

The objective of this section is to learn what external support and constraints have most affected this association (and in general to understand what factors constitute an enabling or disabling environment for useful associations).

Our assumption is that external support or constraints can prove critical in determining the useful functioning of associations, and we want to identify what these elements for different types of association.

Was external help needed to found this association? () yes () no

If yes, what sort of support?

() a government agency, which?: _____

() an NGO, which?: _____

() a bank, which: _____

() a particular individual, who?: _____

() another institution or individual, who?: _____

If yes, what was the role of this institution or individual in the creation of the association?

If yes, which institution or individual is still involved with the association and what do they do?

If yes, in your opinion would it have been possible to have created or to maintain the association without their help? () yes () no

Why? _____

Do any external institutions or individuals meet regularly with the association? () yes () no

If yes, for what purpose? _____

If yes, how frequently?

Are there other individuals or institutions that you think the association should be linked to?

() yes () no

If yes, what institution?

If yes, what for:

() financial help () political support

() technical support () other? _____

Do existing government institutions and policies provide any incentives for the formation of associations such as yours? () yes () no

If yes, what? _____

Are there ways in which policies could be changed to improve the way this association functions?

What are the main obstacles for the smooth functioning of the associations?

- lack of finance
- poor access to technical information
- internal problems within the association
- lack of commitment on the part of members
- lack of external support from government or other agencies
- other, what? _____

How well have external institutions supported the formation and running of this association?
(circle one of the numbers below)

Scale	0	1	2	3	4	5
	not at all	very poorly	poorly	reasonably	well	Perfectly

D. RECAP

The objective of this section is to review what has been said and to capture any important insights and conclusions that might not have been adequately captured above

What has most pleased you with the way the association has worked or what it has achieved?

What has been your greatest frustration with the association and the way it works?

If you had to rate the overall relevance or usefulness of this association what would you mark it as?

Scale	0	1	2	3	4	5
	irrelevant	peripheral relevance	reasonably relevant	relevant	highly relevant	indispensable

Why do you think this?

Based on your experience is their one ingredient that is fundamental to the success of an association like this? yes no

If yes, what is it? _____

Based on your experience is their one barrier that has undermined this association yes no

If yes, what is it?

THANK YOU FOR YOUR TIME AND ASSISTANCE!

Any additional comments: _____

Annex 3. ID21 Research Highlight

See: <http://www.id21.org/nr/n4dm1g1.html>

The benefits of working together: small and medium forest enterprises

Small and medium enterprises account for a huge proportion of the businesses and jobs in the world's forests. These enterprises can be easy for poor people to set up, but without support, the challenges of being small threaten their survival. The best way forward is usually finding a common cause and working together as an association.

Research from the International Institute for Environment and Development, UK, looks at how associations of small and medium forest enterprises (SMFEs) offer economic, social and environmental opportunities for poor rural communities. Forestry policies are critical to support such associations.

However, in many cases central government policies are biased against SMFEs in favour of larger enterprises. For example, small South African forest contractors with few staff find it difficult to find time and money to comply with rules governing the Unemployment Insurance Fund, the district municipality levies, training levies, licensing procedures and banking requirements.

Donors often aggravate the disparity in policies that work against SMFEs. They increasingly give direct budget support to central government departments that work with the large forest companies responsible for marginalising SMFEs in rural areas. The justification is that this approach is more efficient and democratic, but the result is increasing marginalisation of poor people's groups, including SMFE associations. The research finds that many SMFEs:

- have difficulty in complying with administrative requirements, often requiring transport to distant provincial or national capitals
- struggle to secure funds because they lack guarantees required by mainstream finance institutions and cannot meet the interest rates for alternative finance sources
- do not have access to important market information (such as world market prices for particular timber species)
- are discriminated against in land allocation in favour of larger companies who can invest in machinery and large-scale harvesting
- suffer from market liberalisation – they do not have the necessary support and contacts to adapt to rapid changes in competitive demand.

SMFEs can benefit from being part of collective associations. Association strengthens SMFE's ability to campaign for policy changes, increase their scale efficiencies and provide resources to adapt to emerging market opportunities. For example:

- In India, protests by the Saharanpur Wood Carving Association made the government withdraw a sales tax on wooden handicraft products.
- In Guyana, the Ituni Small Loggers and Chainsaw Association gained access to a larger concession allocation, grouping individual enterprises together.
- In Brazil, the RECA association has adapted individual agroforestry enterprise production to the emerging organic market.

The research suggests that donors and governments support associations through several policy changes:

- More support for trusted intermediary organisations, which can reach SMFE associations beyond the scope of centralised government departments.
- Training for local association staff in leadership, financial and resource management skills and business skills.
- Investment in systems that provide access to market information, such as simple capital city market-outlook sessions broadcast on local radio networks.
- Emphasis on gender specific support – for example, creating specific Women’s Associations that support women’s small-scale enterprises.
- Commitment to long term in-country aid managers with good knowledge of the challenges facing SMFEs in specific regions.

Source(s):

‘Advancement through association: Appropriate support for associations of small and medium forest enterprises’, by Duncan Macqueen, Sonja Vermeulen, Cornelius Kazoora, Frank Merry, Sharon Ousman, Sushil Saigal, Shao Wen and Horst Weyerhauser in ‘How to Make Poverty History – the central role of local organisations in meeting the MDGs’, IIED: London, edited by Tom Biggs and David Satterthwaite, 2005 [Full document](#).

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Other related links:

['Should policymakers support small enterprises'](#)

['Formalising informal enterprises without damaging job opportunities'](#)

['Business development support to small service providers'](#)

['Investment incentives: do they help Ethiopian enterprises?'](#)

['Learning process affects business growth in Latin America'](#)

[See id21's links on forestry](#)