

USERS' GUIDE TO THE FIELD MANUAL




BOOKLET A



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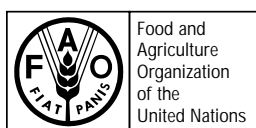
The Users' Guide provides an overview of the MA&D framework and of the contents of each component of the field manual. It also identifies the intended audience. Definitions of basic concepts that are used throughout the field manual are given in Annex I of this booklet.

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

BOOKLET A

**USERS' GUIDE
TO THE
FIELD MANUAL**

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Introduction

The Market Analysis and Development (MA&D) approach assists people to achieve a sustainable livelihood system in which their household and community assets are increased and local forest management is improved. It enables local people to identify potential products and develop markets that will provide income and benefits without degrading the resource base.

This field manual has been designed to guide facilitators who will assist local people in conducting the MA&D process. It has been prepared with extensive input from Isabelle Lecup, Kenneth Nicholson and Thomas Fricke, based on their field experience in the use of MA&D during the past six years in Viet Nam and 12 years in Nepal.

This Users' Guide provides an overview of the MA&D framework and the content of the six booklets that comprise the field manual. It also defines the intended audience. It should help the prospective user decide which booklet will be most appropriate for the phase of the process that he or she will be undertaking.





The Market Analysis and Development process

Market Analysis and Development (MA&D) provides a framework for planning tree and forest product enterprises. It is a step-by-step process, arranged in three phases, and it uses a series of general tools that have been, or can be, adapted to achieve specific results in the development of business ideas. MA&D is an innovative process that systematically considers social and environmental concerns alongside the technological, commercial and financial aspects of enterprise development.

The following are the three phases in the MA&D process.

Phase 1: Assess the existing situation. Understand the issues, define the problems and opportunities, and shortlist a range of products.

Phase 2: Identify products, markets and means of marketing. Decide on the best products and gather information for their further development.

Phase 3: Plan enterprises for sustainable development. Formulate an enterprise development plan and prepare for implementation.



BOX A.1**The MA&D process*****PHASE 1 ASSESS THE EXISTING SITUATION**

- STEP 1** Identify the target group
- STEP 2** Determine the financial objectives of the target group
- STEP 3** List existing resources and products
- STEP 4** Identify key constraints of the existing market system
- STEP 5** Shortlist a range of products
- STEP 6** Raise awareness of the benefits of working together

- Outputs
- A shortlist of products that will be evaluated in the next phase of MA&D
 - Understanding of the social, environmental and technical constraints of a range of products
 - Formation of a team of target group members to undertake Phase 2

PHASE 2 IDENTIFY PRODUCTS, MARKETS AND MEANS OF MARKETING

- STEP 1** Analyse the four areas of enterprise development
- STEP 2** Select the most promising products
- STEP 3** Create interest groups for the selected products

- Outputs
- Identification of the most promising products and collection of information for the design of business plans
 - Formation of interest groups for the selected products
 - Formation of a team of target group members to undertake Phase 3

PHASE 3 PLAN ENTERPRISES FOR SUSTAINABLE DEVELOPMENT

- STEP 1** Examine the business environment of the selected products/enterprise
- STEP 2** Define the enterprise mission, goals and objectives
- STEP 3** Develop strategies in each of the four areas of enterprise development
- STEP 4** Formulate the action plans to implement the strategies
- STEP 5** Calculate financial projections for the enterprise
- STEP 6** Obtain financing as specified in the capital needs statement of the financial plan
- STEP 7** Initiate the pilot phase and training
- STEP 8** Monitor progress and deal with change

- Outputs
- Formulation of an enterprise strategy for the selected products
 - Development of an action plan
 - Financing, as specified in the capital needs statement
 - Implementation of a monitoring and planning system

*See also the separate MA&D map in this manual for a graphic representation of the process.

Assumptions of the field manual

- Improved methodologies for planning sustainable tree and forest product enterprises are a necessity for everyone, from the producer to the manufacturer and the trader, because an increasing number of households are producing for the market.
- Community members want to improve their standard of living, but they also face increasing constraints because of degradation of the environment. Consequently, they need a method that enables them to select tree and forest products that can be harvested in the long term.
- Community members will conserve and protect forest resources if they receive the economic benefits from sustainable forest use.
- Community members have decided to undertake income-generating activities.



Objectives of the field manual

- To provide facilitators with a framework for identifying, planning and developing tree and forest product enterprises that will provide income and benefits without degrading the resource base
- To expand the skills of facilitating agencies (including development project personnel)
- To present the techniques and tools for planning field implementation of the different phases of the process.
- To produce field research tools for the data collection needed to implement the MA&D process.
- To share lessons learned during the design and implementation of the MA&D process in different settings in Asia during the past 12 years.



Who will use this field manual?

This manual is addressed to **facilitators** who will assist **local communities** in conducting the MA&D process. The field manual will give the facilitators instruction and guidance as they go through the phases of the MA&D process.

Facilitators could be government extension officers, staff of non-governmental organizations, or private company professionals (such as business owners and cooperative members) who want to integrate social and resource management issues into their work with local communities. MA&D provides a wide scope for investigating the market environment and avoiding failure. The methodology reduces the risk of spending time and funds on unsuccessful enterprise development. It is a cost-effective process that assists in the development of viable enterprises.

It is assumed that facilitators will have previous knowledge and expertise in the use of participatory assessment tools, since they will be required to adapt these tools considerably.

The people with whom the facilitators will work at community level are people who use their tree and forest products for generating income, not just for subsistence. They can be producers, manufacturers and/or traders. MA&D enables them to plan and develop equitable, ecologically sustainable, socially acceptable and financially viable tree and forest product enterprises.



How to use the field manual

Presentation of the field manual

This field manual comprises six booklets, plus a separate 'map' of the MA&D process. The map gives a graphic overview of the three-phase process and indicates various possible entry points. A brief outline of the contents of each booklet is given in this section. In the booklets, *guidelines* and *examples* are given throughout the text to support the concepts. *Issues of concern*, which may need to be especially noted by facilitators at particular points of the process, are often highlighted in the text. Both the examples and these highlighted issues of concern are denoted by special symbols (see Box A.2). *Checklists* of information to be collected and checklists to help facilitators and community members with analysis are included in the text. Many of the examples are taken from the *case study* presented in Booklet F. Other examples are drawn from experiences in Nepal, including the business plan for the Praja Cooperative in Nepal.

BOX A.2

Symbols used in the manual



This symbol denotes examples of how MA&D has been used



This symbol denotes issues to which facilitators need to pay special attention

Booklet B introduces the methodology, while booklets C, D and E outline the major phases of the MA&D framework and present some of the methods and tools necessary to guide facilitators through this approach. For easier use of the field manual, each phase is presented in a separate booklet. Facilitators can therefore take with them to the field only the booklets that they need, depending on which phase they are conducting.

Booklet A. User's Guide to the field manual

The Users' Guide (this booklet) provides an overview of the MA&D framework and of the contents of each component of the field manual. It also identifies the intended audience. Definitions of basic concepts that are used throughout the field manual are given in Annex I of this booklet.

Booklet B. Introduction: Defining where you want to end up

Before using MA&D, it is important to have an overview of how the process flows and of the outcomes that can be expected. In this booklet, the process is detailed and its underlying principles are outlined. A list of suggested reading materials is also included.

Booklet C. Phase 1: Assess the existing situation

The aim of the first phase of the MA&D process is to develop an understanding of the key issues of the existing situation: What are the potential enterprises? What are the available resources and products? How do existing market systems operate? By the end of the phase, it should be possible to identify and prioritize viable products.

Booklet D. Phase 2: Select the most promising products

The aim of Phase 2 is to select the most promising products and gather information for their further development, identifying potential markets and means of marketing. At the end of this phase, interest groups will be formed to further develop each of the selected products, and a team will be formed to undertake Phase 3.

Booklet E. Phase 3: Plan enterprises for sustainable development

In Phase 3, the facilitator will work with the future entrepreneurs to develop a plan for the growth of the enterprise, develop strategies for each of the four areas of enterprise development, and draw up action plans to prepare the way for implementation. This will involve defining the mission, goals and objectives of the enterprise, assessing its profitability, and determining capital start-up needs. The enterprise development plan will be used to obtain financing. Guidelines are presented for the development of market strategies and preparation of an enterprise development plan.

Booklet F. Case study

This case study illustrates the use of the MA&D methodology to identify products and to develop viable tree, forest and home garden products-based enterprises at community level in Viet Nam without degrading the forest resource base and the environment. It provides examples of the methods and tools used by the facilitating team.

Which parts of the field manual to use?

Different users may want to enter at different stages of the MA&D process, depending on the current situation. But certain questions must first be answered in order to determine the possible entry points.

Entry points to the process

Generally, it will be necessary to go through all steps in each phase of MA&D, and each phase should be completed before the next phase is undertaken.

However, in some situations, it is possible to enter the process at different points (see the accompanying MA&D map).

- If the target group is identified, but the products/enterprise ideas are not identified, it is possible to start at Step 2 of Phase 1.
- If the products/enterprise ideas have been clearly identified, but the target group is not clear, it is possible to skip Steps 3 and 5 of Phase 1 and Step 2 of Phase 2.
- If the target group is identified, the financial objectives of group members are clear, they have already inventoried the raw materials, they understand the key constraints of the market system, and they have selected potential products on which to base their enterprises, then it is possible to skip Phase 1 altogether and begin the process at Step 1 of Phase 2.

After completing the three phases, it will be necessary to repeat Phase 3 for routine monitoring and planning.



ANNEX 1 | DEFINITIONS OF TERMS USED IN THE FIELD MANUAL

Actors: direct and indirect actors

Between the producer and the consumer there are a number of actors. There are two types of actors: *direct actors*, who are members of the market chain through which the product is marketed (such as harvesters, traders, processors and retailers); and *indirect actors*, who have an influence on the marketing of the product (such as policy-makers, technical researchers and environmental groups).

These actors include both private and public sector individuals or companies. For example, the direct actors in the production of honey can comprise the hunters and beekeepers, the village purification and packaging unit (which collects honey from the different harvesters), the wholesalers, and the retailers.

The indirect actors are the individuals or organizations that enable the flow of goods and services. They may include the local agricultural bank that provides small loans to the producers of honey, the technical department of the government that provides technical training for beekeepers, and the environmental non-governmental organization that trains the producers in nature-friendly harvesting technologies.

Delivery channel

This is the channel through which products physically reach consumers.

Distribution channel

For each product, direct actors (producers, traders and consumers) and indirect actors (marketing boards and government agencies) enable the movement of information and the movement of a product from the producer to the consumer. This arrangement creates what is known as the distribution channel. The distribution channel comprises the middlepersons and the transport and storage facilities used in the movement of the product between the producers and the customers.

Distribution channels comprise *market channels* and *delivery channels* and can be monitored by a *market chain* (flow chart).

Entrepreneur

The term *entrepreneur* is used in the manual as a generic term for the different actors who benefit directly from the sale of tree and forest products. Entrepreneurs use tree and forest products for generating income, not for subsistence purposes. They are producers, manufacturers (who do primary processing on site in the production of semi-finished products, and secondary processing in the production of finished products), and traders, whatever the size and legal structure within which activities are undertaken.

Facilitator

A facilitator is a person whose objective is to help individuals or groups in achieving their goals. The role of a facilitator is limited to providing proper methods and tools to the people he/she is facilitating in order to make it easier for them to reach their goals.

Four areas of enterprise development

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

- market/economy;
- resource management/environment;
- social/institutional; and
- science and technology

Market

A market is not a place but a network of transactions between people who have a need to satisfy, money to spend, and the willingness to spend it, and people who have a resource, product or service to offer.

It is the overall demand for a product at a given price at a given place and time, under specific standards and conditions (FAO, 1996). The demand is formed by the needs and wants of the customers. There are many different markets or outlets for products or services.

Markets can exist for raw materials (such as dried rhizomes for the perfume industry), for semi-processed goods (such as essential oils to be used by the food industry), and for finished products (such as woven natural fibre napkins). They can be local, regional, national or international.

Market chain

A market chain (flow chart) shows the movement (and in some cases the amount) of the product handled by each of the actors.



Market channel

This is a channel through which information is channelled from and to the markets and also through which products are sold. Market channels are usually classified in two categories: *centralized* and *decentralized* channels.

A *centralized market channel* is one in which the farmers' or collectors' products are brought together in large, central market places. There, processors or wholesalers purchase products from an agency, broker or farmer's agent. When all the medicinal plants produced in scattered villages are sent to the main district town, where they are then purchased by a herbal medicine factory, this constitutes an example of a centralized market channel.

A *decentralized market channel* is one that does not utilize large, established market facilities. Instead, processors or other wholesalers purchase either directly from the farmers or at small production selling points. In this situation, farmers usually sell their own products. When honey producers sell their products directly to traders who come to the village, this constitutes an example of a decentralized market channel.

Market environment

The market environment can be defined as all of those economic, political, socio-cultural, technological and ecological factors and conditions that influence the demand, production, processing and distribution of products.

Marketing

Marketing is basically a technique that is available to producers to help them identify what the customers need and want and what the competitors are offering, and to help them meet the needs and wants of the customers. There are many different markets or outlets for products or services.

Market place

The market place is any location where buyers and sellers come together and communicate with one another, and where transactions take place (FAO, 1996). For example, a market place can be a group of shops selling medicinal plants in a large city, or it can be the store-room of a trader selling medicinal plants in a village.

Product

A product is an output of goods and services resulting from the input of resources or factors of production used to produce them (FAO, 1996). A plant in the forest is the natural resource from which the 'cut stem' product is extracted. Cutting of the stem is the production factor.

Resources

Resources are vegetable, mineral or animal substances existing in forest or other natural ecosystems before extraction. They are the stock reserve of potential products.

Tree and forest products

This term is used throughout the field manual to describe all biological materials coming from forest ecosystems. Tree and forest products include ornamental plants, medicinal plants and edible plant products, such as spices or nuts; wildlife; animal food products, such as birds' nests and honey; non-edible animal products, such as feathers or horns; extracts and exudates, such as essential oils, resins or bitumen and dyes; and fibre products, such as rattan or bamboo. Small ligneous materials, such as wooden handicrafts, are included in the term. Products from trees on farms and small-size farm plantations of trees, such as citrus and other fruits or medicinal plants, also are included. Timber produced and marketed for the benefit of the local producers (for example, in the context of community forestry activities) is included in the term. Instead, exotic species such as eucalyptus, and industrial timber or pulp that is produced on large plantation areas, cannot be traded by the local producers and are not included.



ANNEX 2 | ACRONYMS

CIFOR	Center for International Forestry Research
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
DFO	district forest officer
EC	executive committee
FUG	forest user group
GTZ	German Agency for Technical Cooperation
IFSP	Integrated Food Security Project
INGO	International Non-governmental Organization
IUCN	World Conservation Union
MIS	marketing information system
NEDA	Netherlands Development Assistance
NGO	Non-governmental Organization
NTFP	non-timber forest product
ODA	Overseas Development Administration
PCDP	Praja Community Development Programme
PRA	Participatory Rural Appraisal
RECOFTC	Regional Community Forestry Training Center
ROI	return on investment
RRA	Rapid Rural Appraisal
SCO	savings and credit organization
SEAGA	Socioeconomic and Gender Analysis Programme
SEACOW	School for Ecology, Agriculture and Community Works
SMART	Specific, Measurable, Appropriate, Realistic, Time-bound
SNV	Netherlands Development Organization
SWOT	Strengths, Weaknesses, Opportunities, Threats
VDC	Village Development Committee