

## PHASE 1

### ASSESS THE EXISTING SITUATION



### BOOKLET C



Food and  
Agriculture  
Organization  
of the  
United Nations



The aim of Phase 1 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.

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

**BOOKLET C**

**PHASE 1:  
ASSESS THE  
EXISTING  
SITUATION**

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## Introduction



The primary **objective** of Phase 1 is to assess the existing situation in order to identify the target group, existing products and potential enterprises. There are six steps in this phase (see Box C.1).

### BOX C.1

#### Phase 1: Steps in assessing 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

The outputs to be expected from this research are:

- 🕒 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; and
- 🕒 formation of a team of target group members to undertake Phase 2.



## Preliminary planning activities

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Before starting the MA&D process, there are a number of preliminary planning activities to be undertaken. These include: defining goals; defining objectives; selecting the site(s); and organizing the MA&D team.

### Define the goals

This preliminary step is important in order to clarify the reasons for undertaking the MA&D process and the expected outcomes. It will help interest groups and other partners to participate more fully in the process.

The following questions should be asked in defining the goals of the initiative.

- What is the goal of the implementing institution or project?
- What services will the facilitator/implementing institution/project provide?
- What is the target group?
- What are the specific needs of the target group?
- What principles will form the basis of the implementation of these activities?



It is important for the facilitator to answer the above questions at this stage because the answers will influence the choice of methods and the adaptation of tools during the MA&D process. The facilitator also needs to define the target group of the project before organizing the team of information gatherers. The information gatherers will be drawn from the target group. If the project aims to promote cash income activities for women, the team of information gatherers should include a large number of women.





**EXAMPLE**

The overall goal of the Integrated Food Security Project (IFSP) detailed in the Quang Binh, Viet Nam, case study was to improve the basic living conditions of the rural population. Since possibilities to increase staple food production were limited, the aim was to open up off-farm income-earning opportunities, especially from tree, forest and home garden products. The cash income earned would enable rural people, especially the poorest, landless families, to purchase more food. It was decided to use the MA&D methodology at a number of sites in order to identify suitable products for enterprises at village level that would generate income without degrading the resource base. Rural people were the main actors, while the facilitator's role was to assist them in developing enterprises that would remain viable and could be operated efficiently after the facilitator's departure. The facilitator initiated activities with leader producers, who attracted other interested producers as it became clear that their activities were profitable.

**Define the objectives**

The facilitator needs to define the broad results to be achieved and the required activities, and to plan for the resources that will be needed to attain the required results.

The facilitator needs to prepare a work plan and time-line to ensure that both colleagues (such as the manager, other staff members and consultants) and potential partners (including farmers, interest groups, donors and local authorities) understand the goals and objectives of the initiative.

**EXAMPLE**

In the Quang Binh, Viet Nam, case study, the facilitators developed a work plan and time-line that detailed the number of days and the periods in which they would conduct each phase of the MA&D process. In Phase 1, their specific objectives were to:

- select four communes from the 32 communes of the project;
- assess the readiness of the remote villages for income-generating activities;
- identify the target group of men and women already selling tree, forest and home garden products;
- help the target group members to determine their financial objectives;
- guide them through listing the existing resources and products;
- assist them in determining constraints that have limited the performance of the existing market system;
- help them to eliminate non-viable products; and
- identify potential participants in Phase 2.





The MA&D process differs from other enterprise development methodologies in that it focuses on environmental and social concerns as well as technical and financial aspects. For this reason, facilitators need to have not only technical skills but also the ability and motivation to work directly with local people in order to help them develop the skills they need to operate independently and further develop their own enterprises. This means that facilitators must allocate sufficient time to enable local people to learn and understand at their own pace the tools and methods for enterprise development.

Experiences from the Mountain Rural Development Programme in Yen Bai province, Viet Nam, highlighted how important it is for both facilitators and villagers to understand their roles in the MA&D process. The case study showed that in Viet Nam both facilitators and villagers felt very comfortable with their traditional roles, with facilitators implementing and telling villagers what to do, and villagers expecting to receive instructions and sometimes even subsidies for participation. These types of roles may be very deeply entrenched, and facilitators need to be aware that they may take a long time to change. In the MA&D process, the villagers are the main actors; it is important to set this tone from the beginning. Facilitators need to assist villagers: their role is to facilitate each step of the process so that villagers are the ones analysing and working through the information gathered. At the same time, villagers need to be aware that they are the ones who will be operating the enterprises at the end of the process, and that they therefore need to be fully involved at each step, rather than being simply instructed by facilitators. In the Vietnamese context, where the government had usually made all decisions and villagers were accustomed to handouts and subsidies, it was very important that facilitators should allow enough time and flexibility in their schedules to accommodate the learning pace of the target group members. It was important to ensure that at each step the people participating in the MA&D process fully understood the process, took sound decisions and undertook planned activities.



### **Select a site**

The definition of goals and objectives will help in the selection of sites, since the implementing institution will have identified its aims, potential activities, context and target group. The type of location will have been identified (lowland or mountain areas, urban or remote rural areas), as well as the characteristics of the ecosystems (forest land or agricultural land), and the type of population (ethnic group, or nomadic or sedentary groups).

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

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

The MA&D process can be used in a variety of contexts, and in some situations the site will already have been selected. For example, if a group of farmers asks an institution or organization to support them in processing rattan into baskets, obviously it will not be necessary to define the site.

- Avoid selection of a site on the basis of convenience. Projects and programmes have a tendency to choose sites because they are conveniently located near a road or large town. For obvious reasons, this should be avoided and site selection should be based on criteria identified in the goals and objectives of the project, as outlined above.
- Visit potential sites to explain the purpose and process of MA&D. Ensure that target groups understand that they will be asked to provide details about the household economy and natural resource management. Remember that the community has the right to decide not to participate.



**EXAMPLE**

As outlined in the Quang Binh, Viet Nam, case study, the project mission was to enable the purchase of more food by the creation of off-farm income opportunities, especially from tree, forest and home garden products. It was decided that four communes would be selected, out of the 32 involved in the project. On the basis of the project mission, the following criteria were set for site selection.

- The site should have high diversity of resources and products, including the use of forest products in addition to agricultural products.
- Participatory Rural Appraisal (PRA) should already have been conducted in the communes.
- The communes should already have indicated that the creation of cash income activities was a priority.
- The area of the communes should comprise largely low- or medium-altitude mountains with still significant forest cover.

**Organize a team**

The facilitator needs to help organize a team that will assist in conducting each phase of the process. Before starting Phase 1, information gatherers need to be identified from among the village men and women who are already involved in tree and forest product enterprises. Information has to be gathered and analysed throughout the MA&D process, but these people will form the basis of a team that will change and evolve as the process continues and will eventually comprise the people who will operate new enterprises.

The integration of social concerns starts from the very beginning of the process and should influence the setting of criteria for the selection of information gatherers. While many projects clearly identify their target group, and therefore the team of information gatherers will include members of this group, it is important also to take into account issues such as gender and socio-economic balance.

Depending on the scale of the project, on the homogeneity of the population involved and on the budget available, the number of information gatherers may vary from 1 per 50 households to 1 per 100 households or more. As the process continues, different people will express their interest in joining the team, and therefore the composition of the team will be different in each phase. By the end of Phase 2, the team members will be considered the eventual leader entrepreneurs. They will become a motivating force, attracting other men and women from their villages who are interested in developing enterprises based on the same products.

**Training the team at the beginning of each phase** At the beginning of each phase, the facilitator needs to spend one and a half to two days training team members in the tools and techniques of information gathering. These are detailed in the relevant sections of this manual.



#### **EXAMPLE**

In the Quang Binh, Viet Nam, case study, 12 farmers (3 per commune) who were already involved in trading tree, forest and home garden products were selected for training in MA&D principles and tools, in order to gather information in their communes during Phase 1. They were selected because they were able to follow oral and written instructions, as well as to record data as instructed. Most important were their social skills, in terms of their ability to meet people, talk to them, and get the required information. People who met these requirements were found among members of women's and youth groups/unions. Some already had experience in small development activities.





## STEP 1 | Identify the target group

The first step in the MA&D process is to identify the men and women who want to develop sustainable tree and forest product-based enterprises.

In some situations it will already be clear who these people are, as, for example, when a group of farmers asks an institution or organization to support them in initiating the production of honey from beekeeping.

### How to identify the target group

Facilitators start by reviewing the goals and objectives of their institution or organization, which will usually clarify the identity of the target group. The people involved in enterprises are always the direct actors. They can be producers, processors (carrying out primary processing on site of semi-finished products and secondary processing of finished products), transporters and traders.

The facilitator generally encounters two types of situations.

#### **1 The target group is clearly determined**

In this case, for example, a project oriented to the development of small enterprises in the wood and non-wood sector will have manufacturers as the target group. However, activities may also benefit some other actors in the chain, for example, raw materials producers. Another project may focus on activities in which women are involved, whatever their role in the chain (producer, processor or trader).

#### **2 The target group is not clearly determined**

In this case, a project may identify 'tree and forest product entrepreneurs' as its target. It is necessary to set criteria to narrow the focus to specific groups, because such a broad category may be too vague, and because it is impossible to start activities with such a large group.

Useful information can be found in reports on the socio-economic situation of each family. This information may have been gathered in surveys already conducted by the project, or may be available at local government offices. If information gatherers are not able to obtain access to these reports, they will need to interview local leaders (at the village and commune levels) and field project staff. The information should also be cross-checked by interviewing a sample of a representative number of households (about 5 out of every 100 households).

**EXAMPLE**

The project outlined in the Quang Binh, Viet Nam, case study aimed to promote the creation of sustainable tree, forest and home garden product enterprises by a large number of rural interest groups who were unable to produce enough food on their own land. In Step 1, farmers who had insufficient land to produce food year-round were considered. Since most of the population was dependent on home garden and forest products, the facilitators decided to narrow the target group to men and women who were deeply involved in producing and/or processing home garden, tree and forest products for market. They decided not to consider households that depended for their livelihood exclusively on cash crops, livestock and agricultural activities, because these sectors were dealt with in other components of the project.

### ***Methods for identifying the target group***

A clear profile of the target group will enable the selection of appropriate methods for facilitation. It is important that throughout the process each subgroup should have the opportunity to participate in the selection of products and the development of an enterprise that suits its situation and expectations.

There are a number of methods for identifying the target group, depending on the project objectives. For example, if the project focus is on one or several marginalized groups (such as the poorest people, landless people, or women), wealth ranking and the results of a PRA can be used to identify these groups. The next step is to identify within these groups how many households or people (men and women) are involved in production, manufacturing, transporting and marketing of tree and forest products. If the target group is not clear, it is necessary to identify the number of households or people (men and women) involved in production, manufacturing, transporting and marketing of tree and forest products. Then wealth ranking can be used to develop a socio-economic profile of the target group. In addition, an adapted version of Venn diagrams could be used to identify the main economic actors and their relative importance.

**EXAMPLE****Use of wealth ranking in the Quang Binh, Viet Nam, case study**

Wealth ranking is used to obtain a broad economic profile of the target group. This enables information gatherers to prepare an appropriate sampling of informants they will interview during the following steps. They need to know the wealth rank of each household. In order to determine this, information gatherers need first to establish what criteria are commonly used in the area they are working in to classify a household as rich, average, or poor.



Box C.2 shows the criteria used in the Viet Nam project for classifying households in wealth groups.

**BOX C.2**
**Criteria used for classifying households in wealth groups  
in the Quang Binh, Viet Nam, case study**

Wealth ranking group	Criteria for classification
Rich	Has enough food for consumption, and has savings and surplus Owns television set, radios, buffaloes and bicycle Has enough land for cultivation
Average	Experiences shortage of food for one to three months a year Has only one or two buffaloes Has enough land for cultivation
Poor	Experiences shortage of food for more than three months a year Experiences shortage of draught power Does not have enough land for cultivation

Table C.1 shows the results of a wealth ranking exercise. The sources of information were secondary data from village statistics and the results of the PRA project conducted with village leaders, confirmed by interviews in a sample of 104 households.

**TABLE C.1** Wealth ranking by number of households in the target group  
in the four communes in the Quang Binh, Viet Nam, case study

RANK	NUMBER OF HOUSEHOLDS
Rich	50
Average	430
Poor	1 462
<b>Total</b>	<b>1 942</b>



Informants for this phase are chosen from the different socio-economic strata of the target group. Box C.2 and Table C.1 show that a minority of households (50) had agricultural surplus to sell and had savings to potentially invest in starting a small enterprise. The two other categories (22 percent of the population belonged to the 'average' wealth group, and 75 percent belonged to the 'poor' group) had no surplus, and some had a crucial need to find cash income to fill this gap.

The wealth profile of the target group revealed that for a minority of households it was possible to invest a small amount of capital in new enterprises, while the majority needed external financial support in order to start new activities. The profile also confirmed that these households needed to find alternative sources of income.

This economic profile of the target group is used in subsequent steps for the sampling of informants.

**Note:** Information gatherers (who will begin their work in Step 3 of Phase 1) can interview the same informants who were sampled during the wealth ranking exercise. It is also possible to complete Steps 1 to 3 at that point. Information gatherers might find it easier to group several households together for a joint interview, to be held in the evening after the day's work is finished.





## STEP 2 | Determine the financial objectives of the target group

The target group has been identified. Now the facilitator will assist group members to determine their financial objectives.

The objective of this step is to define the income needs that the target group members expect will be fulfilled by the enterprise.



When the target group is heterogeneous in terms of wealth rank, gender balance and economic activities, it is usually advisable to identify the different subgroups (such as women and the landless) and to define their specific financial objectives. In this way, social diversity will be taken into consideration and each subgroup will have the opportunity to develop an enterprise strategy to reach its own financial objectives.

Through defining the financial objectives of the target group, the expectations of group members will be clarified, specifically as regards the level of income they want to achieve through the enterprise. This information, combined with a review of existing resources and products (Step 3), and a broad assessment of the existing market systems, including infrastructure and marketing channels (Step 4), will help define the enterprise strategy and the scale of the future enterprise.

The information will also enable social differences within the target group to be respected and will serve as a basis for the strategy of each subgroup. For example, members of the 'poor' subgroup may have set financial objectives far lower than those of other, wealthier members of the target group. However, all will have to undertake the same process to select the products and strategy best suited for reaching their financial objectives.

This step is a key to the success and sustainability of an enterprise. By recognizing where they are and where they want to go, target group members will be better able to select an enterprise that they can manage themselves, without excessive risk in the long run. In fact, an enterprise will have long-term development potential only if it meets the expectations of the target group members, and if they have the capacity to implement and sustain it.

The earlier this assessment is done, the better. Knowledge of the financial objectives set by target group members will contribute to the development of a sound strategy. For instance, if their financial objectives can be met by local markets, it will not be necessary to develop a more complex market strategy at the national or international levels. In this way, local mem-

bers of the target group can avoid the risk of developing a sophisticated product for the international market when they could have achieved their objectives by producing for the local market, in a more easily manageable situation. Unnecessary research at the national and international levels could also be avoided.

If the proposed new economic activities are not sufficient to fulfil the financial objectives of target group members, the research and study is carried further, to more complex strategies. This will be addressed in the following steps.

## **How to determine financial objectives**

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In order to calculate financial objectives, the information gatherers should:

- 1** sample informants from the different wealth ranks identified in the previous step (or from the wealth rank stated by the project); and
- 2** conduct a livelihood needs analysis and calculate the average financial objectives.

### ***Sample informants***

In order to develop a picture of the financial objectives of the target group members, the research should cover the households' size and income variation. The results of the wealth ranking exercise in Step 1 can be used to do this.

How the results of the wealth ranking exercise are used will depend on the objectives of the project activities. For instance, if the objective is to support households with a surplus, which they can invest immediately in new businesses, then informants will be selected only among the 'rich' households. If the objective is to raise the economic standard of the entire target group, including the poorest households, then information gatherers will need to select informants proportionally from every category. The number of informants selected from each wealth group of households will depend on the number of information gatherers, the time available and the size of the target group.



**EXAMPLE**

In the Quang Binh, Viet Nam, case study, information gatherers took a sample of 5 to 6 percent of informants from the total number of households in each wealth rank of the target group (see Table C.2).

**TABLE C.2** Distribution of selected informants from the target group by wealth rank in the Quang Binh, Viet Nam, case study

RANK	NUMBER OF HOUSEHOLDS PER WEALTH GROUP	NUMBER OF INFORMANTS PER WEALTH GROUP
Rich	50	3
Average	430	25
Poor	1 462	76
<b>Total</b>	<b>1 942</b>	<b>104</b>

### ***Conduct a livelihood needs analysis***

Information gatherers will visit the selected informants and will use the livelihood needs analysis form (see Table C.3) to obtain information about the household's current yearly consumption and about what the household ideally expects in order to meet family needs for one year. This may include the cash needed by the household to start a small production activity. The facilitator will provide information gatherers with the appropriate form.

**EXAMPLE**

In the Quang Binh, Viet Nam, case study, information gatherers used this format in order to calculate the financial objectives of the target group. Table C.3 is a sample for one family (the data can be deleted and the form reused).

In Table C.3, the total needs minus the current consumption sets the financial objective of US\$403 (5 247 000 dong) for this family. It was the minimum amount of income that this household expected to obtain through the new enterprise in order to cover its needs throughout the year.

In this case study, the results of the calculation of financial objectives for all of the sampled households showed that from \$221 (2 870 000 dong) to \$580 (7 540 000 dong) were needed to cover the basic needs of most households.

**TABLE C.3 Livelihood needs analysis and expectations for one family  
in the Quang Binh, Viet Nam, case study**

Date: 2-2-98 Village: Ba Tam Number of family members: 7 Number of labour force: 3

TYPE OF NEEDS	CURRENT CONSUMPTION IN ONE YEAR		ACTUAL AMOUNT NEEDED IN ONE YEAR		BALANCE	
	Quantity	Value	Quantity	Value	Quantity	Value
<b>FOOD</b>						
Rice	670 kg	1 139 000 d	1 800 kg	3 060 000 d	1 130 kg	1 921 000 d
Beans	270 kg	1 458 000	270 kg	1 458 000	0	0
Cassava	670 kg	268 000	670 kg	268 000	0	0
Maize	270 kg	459 000	470 kg	799 000	200 kg	340 000
<b>FUEL</b>						
Dry fuelwood	104 bundles	832 000	104 bundles	832 000	0	0
<b>FODDER</b>						
Cassava	500 kg	200 000	500 kg	200 000	0	0
Maize	250 kg	425 000	830 kg	1 411 000	580 kg	986 000
<b>HOUSING</b>						
Timber	(for repairs)	500 000	(for repairs)	1 000 000		500 000
Palm leaves						
Tiles						
<b>CASH</b>						
Pension	240 000	240 000	(for consumption)	5 768 000		0
Livestock	1 950 000	1 950 000				
Beans	20 kg	108 000				
Limestone		1 500 000				
Large-diameter rattan	58 poles	1 160 000	(for starting production)	1 500 000		1 500 000
Small-diameter rattan	360 kg	540 000				
Honey	8 bottles	270 000				
<b>Total</b>		<b>11 049 000 d</b>		<b>16 296 000 d</b>		<b>5 247 000 d</b>

US\$1 = 13 000 dong (d)

**Note.** Calculations are based on the market price per kg in the two districts at the time of the survey, as follows: rice, 1700 d/kg; maize, 1700 d/kg; cassava, 400 d/kg; beans, 5400 d/kg; fuelwood, 8000 d/burden; large-diameter rattan, 20 000 d/pole; small-diameter rattan, 1500 d/kg; honey, 33 750 d/bottle.



## **STEP 3 | List existing resources and products**

The target group has been identified and its financial objectives determined. The next step is to get an idea of what tree and forest products are already available.

The objective is to develop a list of existing resources and products from which products will be selected later in the MA&D process.

It is in this step that the information gatherers begin their work, and they should already have been given some training in information-gathering techniques (see Booklet B). At the end of the survey that will be carried out in this step, information gatherers and informants are usually surprised at the wide range of resources and products that are available to them both for home use and as a potential source of cash income. In addition, they may also have obtained a general indication of the quantity currently available and sold.

### **Do information gatherers have experience in observation and interviewing methods?**

Information gathering from direct sources through interviews and observation is one of the most difficult tasks for the users of the MA&D process. A common problem is that not enough care is given to the preparation of the different exercises, and not enough thought is given to the purpose of the information. Before including information, information gatherers must make sure that it is valid and reliable, and that they can use it for planning and developing solutions.



It is important that the facilitator has already spent time with information gatherers to train them in observation and interview methods. Guidelines for techniques in information gathering are provided in Booklet B.



## How to get an overview of existing resources and products

Part of the information can be obtained through a review of secondary sources (written or printed materials) available in local technical, forest, agricultural and development offices (see Booklet B). However, the best informants are the forest product users, and, therefore, most information can be gathered through observation and direct interviews with local people. The focus should be exclusively on information about tree and forest products.

Tools that could be used in this step include basic PRA tools, such as resource mapping, trend lines, ranking, seasonal calendars and socio-economic diagrams. It should be noted, as mentioned in Booklet B, that the PRA tools used in the MA&D process are adjusted and adapted in order to focus on marketing aspects. Therefore, it is not usually necessary to go into the level of detail normally required when using PRA tools.



Local users of tree and forest products are a key source of information. Since many of the information gatherers will also be tree and forest product users, the facilitator can assist in drawing out useful information by guiding them through the process, prompting memory and helping them complete their data. It can be useful if the facilitator has prepared a list of potential tree and forest products. This can be used to prompt users, who might forget to mention resources or products that they don't consider important because they don't use them frequently. It might also be the case that they do not know the potential use or commercial value of the items because they do not have access to market information. Products that are not currently exploited should be considered if they have been a source of income in the past, and products that are harvested in other areas with similar ecosystems should also be included in the inventory. A list of potential products is provided in Box C.3.



## BOX C.3

**Tree and forest products used by local communities**■ **FIBRES AND FLOSSES**

*Examples:* bamboo for furniture, handicrafts, toothpicks; rattan for furniture, handicrafts

■ **EDIBLE PRODUCTS**

*Examples:* fruit, nuts, mushrooms, leaves for teas, spices; animal products (such as bats or snakes)

■ **EXTRACTS AND EXUDATES**

## RESINS AND GUMS

*Examples:* pine oleoresin for the chemicals industry; damar (*Dipterocarpus* spp.); benzoin (*Styrax tonkinensis*) for perfumes

## TANNIN AND DYES

*Examples:* many forest plants such as majitho (*Rubia cordifolia*) and chutro (*Berberis aristata*), used in natural pigments for dyeing cloth

## INDUSTRIAL OILS

*Example:* tung oil (*Aleurites montana*) for varnish

## ESSENTIAL OILS

*Examples:* vetiver oil (*Vetiveria zizanioides*) and eucalyptus oil for fragrances and industry; cinnamon oil and star anise (*Illicium verum*) for food and beverage industry

## INSECTICIDES

*Examples:* sassafras (*Cinnamomum parthenoxylon*); neem (*Azadirachta indica*)

■ **MEDICINAL PLANTS**

Medicinal plants for household use and income (many countries have a medicinal plant tradition, based on a wide range of plants)

■ **ORNAMENTAL PLANTS**

*Examples:* orchids, vines

■ **ANIMAL PRODUCTS**

*Examples:* honey; horns; bones; feathers for use as medicines; sticklac (*Laccifer lacca*) for use in paint, varnish, dye, electrical insulation; silkworms




### **Prepare for information gathering**

The facilitator should give information gatherers the pre-prepared list of potential products before they embark on their field research, and then provide brief training in information gathering techniques.

The following is a quick guide to the steps information gatherers need to take in order to prepare the list of available resources and products.

- 1 List the resources and products the information gatherers themselves use and sell.
- 2 Interview other members of the target group. Information gatherers could take advantage of the opportunity offered by visits to informants during Step 2, and add questions related to resources and products. The list of potential products will be useful in prompting the memory of informants.
- 3 Check and complete the list obtained through observation by walking around the village, visiting market places and accompanying harvesters to their traditional extraction sites.

 People who spend much of their time in the home (women, elderly, disabled and children) can be a good source of information. They often use their free time to make handicrafts from forest products, either for home use or for the market. Observation is a very useful way of stimulating the memory of villagers, prompting them to 'pull out' knowledge that they might otherwise have forgotten to mention or that they might have thought was not relevant.



#### **EXAMPLE**

Table C.4 shows a list of tree and forest resources and products prepared by information gatherers in the four communes in the Quang Binh, Viet Nam, case study.



TABLE C.4 List of resources and products prepared for the Quang Binh, Viet Nam, case study

RESOURCE/PRODUCTS	QUANTITY OF SUPPLY AVAILABLE			QUANTITY SOLD		
	Limited	Moderate	High	Limited	Moderate	High
Wild honey		X				
Large-diameter rattan ( <i>Daemonorops longispathus</i> Becc.)		X			X	
Small-diameter rattan ( <i>Calamus tetradactylus</i> Hance) ( <i>Calamus tenuis</i> Roxb. & <i>Calamus tonkinensis</i> Becc.)			X			X
Wildlife (10 species)		X			X	
Singing birds		X			X	
Fuelwood			X		X	
Eagle wood resin ( <i>Aquilaria crassna</i> )	X			X		
Sassafras oil	X			X		
Medicinal plants (28 species)	X for some	X for some		X		
<i>Acacia montana</i> oil		X		X		
Fish from rivers/streams		X		X		
Timber (6 species)	X			X		
Orchids		X		X		
Grass flower for brooms ( <i>Thysanolaena maxima</i> Roxb. Kuntze)			X		X	
Palm leaves ( <i>Licuala tonkinensis</i> Lour. Merr.)		X		X		
Banana flowers		X		X		
Forest fruits (8 species)	X			X		
Quercus seeds ( <i>Lithocarpus</i> sp.)	X			X		
Wild vegetables (5 species)	X			X		
Star anise ( <i>Illicium verum</i> Hook.)	X			X		
Cinnamomum bark ( <i>Cinnamomum</i> sp.)		X		X		
Wrapping leaves ( <i>Phrynium placentarium</i> Lour. Merr.)		X		X		
Chewing bark ( <i>Artocarpus lakoocha</i> Roxb.)		X		X		
Mushrooms		X			X	
Bamboo			X	X		
Bamboo shoots		X		X		
Wooden furniture		X			X	
Wooden handicraft	X			X		
Beeswax	X			X		
Rattan/bamboo knitting		X		X		



## STEP 4 | Identify key constraints of the existing market system

Now that target group members have an idea of the resources and products that could form the basis of an enterprise, and have clarified what they want to achieve financially, the next step is to identify any factors that might affect the success of an enterprise.

The objective is to help target group members identify problems that may seriously affect the production, processing and marketing of tree and forest products.


Whatever the size or type of an enterprise, it is important to understand the general context in which it will operate, as well as what is required for successfully producing, processing and marketing products. The factors that can influence the performance of the existing market system generally originate at local and national levels, and only rarely at the international level. In Phase 1 of the MA&D process, when the emphasis is on finding out what already exists, the focus of the research will generally be limited to local, district and/or provincial levels, and occasionally to the national level. In any case, when the MA&D process is used to identify and develop small enterprises in rural areas, information needed about the national level is likely to be available at the provincial level. The international dimension (for example, export markets) will be looked at in Phase 2.

### What information is needed to identify the key constraints?

Teams of target group members need to be formed to conduct research at the appropriate level (local, district, provincial, etc.). There are several ways to organize this step in the information gathering process, depending on time, availability of transportation, and budget and team limitations, as in the following examples.

- A team is formed of representatives of the target groups in each village (a maximum of five people) who then work with the facilitator to gather information at provincial and district levels. At the same time, a team of information gatherers works at the community level.
- Because time and resources are limited, the facilitator conducts the provincial and district level research, and shares the results with target group members during a workshop held at the end of Phase 1.




 Gathering information at the provincial level (and even at the district level) may seem rather overwhelming to village interest groups. However, their participation is a powerful means of building confidence, and the information they obtain will support decision-making later in the process.

The information collected during Phase 1 is used to identify serious constraints that could result in eliminating a product from further consideration. In addition, the information helps to identify opportunities that would support the choice of a product being given further consideration. What is required at this stage is general information about the market environment, the economic context and the main actors. It is not necessary to proceed systematically along the market chain; this will be done in Step 1 of Phase 2, when much more detailed information on the remaining products will be collected.

## Some criteria for elimination of products

A set of criteria has been developed, based on field experience, that can be used to identify products that present the highest risk of failure. The criteria are classified under the four areas of enterprise development in order to ensure that all aspects are considered.

 Be creative! The following list of criteria is indicative and should be adapted on a case-to-case basis, according to the priorities of the target group and the objectives of the project. It is designed to cover a wide range of potential situations, but not all of the criteria will be relevant in every situation. For example, if women are specified as the expected direct beneficiaries of the activities, then gender participation in the production, manufacturing or trading activities should be included as a criterion. In this case, a product controlled exclusively by men would be eliminated, even if its economic viability, its technical feasibility and its ecological sustainability were promising.



## ▲ MARKET/ECONOMY CRITERIA

### ■ Product supply/quantity

The product cannot be harvested in sufficient quantity (because of legal restriction on access to the resource, overexploitation, etc.), or is available in small quantities, or in quantities that cannot be increased.

### ■ Level of demand for the product

Demand for the product is low, or improvement of the product to meet demand standard is too complicated, time-consuming and costly.

### ■ Quality requirements

The quality requirements of the targeted customer cannot be satisfied within the site context. This could be because of circumstances such as insufficient education, lack of skills, lack of training opportunities, lack of access to packaging materials, or the fact that improvements or measures for upgrading quality are too time-consuming and costly.

### ■ Production costs

The production costs of the product are higher than those of the same goods produced elsewhere (because of remote locations, high transport costs, lack of low-cost energy, high labour costs, etc.), and costs cannot be reduced significantly without negative effects on the quantity or quality of the products.

### ■ Access to capital

The producer, manufacturer, transporter or trader cannot get a loan for start-up (initial investment) or for running activities (working capital).

### ■ Market information access

The users cannot get any price information about the product because of physical isolation and/or monopoly by other market actors (with consequent lack of marketing decision power), and the development of a market information system would not be feasible.

## ▲ RESOURCE MANAGEMENT/ENVIRONMENT CRITERIA

### ■ Spatial distribution and density

The product is rare or scarce because of such factors as the plant's biological cycle, over-exploitation and changes in the ecosystem.

### ■ Impact of harvesting on survival of species

The economic value of a product will increase as a result of marketing efforts, and this may lead to overharvesting. The ecological impacts of harvesting have not been assessed, and such assessment is too costly or time-consuming.

- **Lack of domestication possibilities**

In addition to the above, the product is not or cannot be domesticated, or domestication is too time-consuming, costly and complicated.

- **Regenerative potential**

The regenerative potential of the product is very low, or there is uncertainty regarding it.

### ▲ **SOCIAL/INSTITUTIONAL CRITERIA**

- **Willingness to participate**

Willingness to develop the marketing of this product does not exist (target group members must show initiative and be willing to act as economically responsible actors, not as beneficiaries).

- **Policy/access constraints**

There are legal restrictions on collection of a product, and there will not be sufficient scope for an enterprise based on such products.

- **Rules enforcement**

There is none of the legal support required from local authorities to enforce communal management rules. (If the economic value of the product has been recognized by the local community, they may have sufficient social cohesion to design a plan for its management.)

### ▲ **SCIENCE AND TECHNOLOGY CRITERIA**

- **Human resources/expertise**

The level of knowledge and expertise required for the extraction, processing and marketing and development of a product is too low. Raising levels of knowledge and expertise is time-consuming and expensive.

- **Physical infrastructure**

The physical infrastructure (roads, rivers, etc.) will not support movement of the goods, and therefore the potential for marketing the product is severely restricted.

- **Communication network**

There is no basic communication network. A key condition for successful marketing of products is responsiveness to the buyers' demands. This has to be developed through a proper market information system. Marketing means linkages with buyers, transporters, technical assistance and other direct and indirect actors.

Products that do not meet the key criteria listed above should be eliminated.

## Information required at national, provincial and/or district levels

To obtain information for a product required at national, provincial and/or district levels, the team can use the questions listed in checklists 1 and 2.

PHASE 1	NATIONAL/PROVINCIAL/DISTRICT LEVEL	CHECKLIST 1
TOPIC	WHAT INFORMATION IS NEEDED?	
Products	<p>What is the volume of supply and value per product?            Where are the production areas for the product?            What were the demand trends for the product during the previous five years (increase, stationary, decrease)?</p> <p><i>Importance of the products:</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> What is the role of tree and forest products in the province, and/or district economy.</li> <li><input type="checkbox"/> What is the average volume and value, both export and domestic?</li> <li><input type="checkbox"/> What is the production and processing intensity?</li> </ul>	
Market channels	What are the market channels of major products?	
Price	What do the products cost?	
Economic forces and constraints	<p><i>Governmental intervention:</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Is production, processing or marketing of any of the products affected by price regulation or subsidies?</li> <li><input type="checkbox"/> Who controls products (government, concessionaires, industry, etc.)? At what level?</li> </ul>	
Actors involved in or related to the tree and forest product subsector	<p>Who are the direct actors in the subsector of tree and forest products in the province, and/or district? List them.</p> <p>Who are the indirect actors influencing the subsector of tree and forest products in the province, and/or district? List them.</p>	
Legislation and trade laws	<p>Is there trade and specific tree and forest product legislation (especially forest laws and regulations concerning access to resources, forest protection, tax/fees on forest products, illegal trade)?</p> <p><i>Industrial law:</i></p> <p>What are the national opportunities and constraints for tree and forest products processing (capital, equipment importation, licences, labour, etc.)?</p>	

PHASE 1	NATIONAL/PROVINCIAL/DISTRICT LEVEL		CHECKLIST 2
TOPIC	WHAT INFORMATION IS NEEDED?		
<p><b>Access to credit</b></p>	<p>What financial resources are available for which actors in the marketing chain of tree and forest products?</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Type of credit available: formal and informal               <ul style="list-style-type: none"> <li>- Amount (number and amount of loans) in the formal sector (banks, etc.)</li> <li>- Amount (number and amount of loans) in rural credit schemes</li> </ul> </li> <li><input type="checkbox"/> Current capital used for this sector</li> <li><input type="checkbox"/> Credit conditions (interest rate, payback period, collateral)</li> </ul>		
<p><b>Infrastructure</b></p>	<p>What infrastructure already exists and what are the constraints?</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Physical infrastructure               <ul style="list-style-type: none"> <li>- Quality and type of infrastructure (road, rail, boat, air)</li> <li>- Transportation equipment (truck, train, aeroplane, etc.)</li> <li>- Comparative costs of each type (public and private)</li> <li>- Comparative time for each</li> <li>- Users' point of view and experiences (traders, producers, processors, etc.)</li> </ul> </li> <li><input type="checkbox"/> What is the situation of telecommunications (telephone, fax, e-mail, electricity)?               <ul style="list-style-type: none"> <li>- Network (linkage throughout the market chain)</li> <li>- Costs</li> <li>- Users' point of view and experiences (traders, producers, processors, etc.)</li> </ul> </li> </ul>		



### **How to gather the required information**

The information can be gathered from both secondary sources (printed materials) and direct interviews at the national, provincial and/or district levels. A review of printed materials would include statistics from departments of rural development, agriculture, forestry, industry and trade, and reports on relevant surveys or activities carried out by other institutions or projects. Direct and indirect actors in the subsector of tree and forest products at provincial and district levels are useful sources of information.



Care needs to be taken when choosing informants. Selecting key people will help establish a broad picture of the main actors and major constraints affecting the market system in which the enterprises will operate. The nature of the key informants will vary according to the socio-economic and political environment. In a free market context, the main direct actors (individuals or organizations) are likely to be mostly private producers, manufacturers and traders. In a centrally planned system, the leading direct actors may be government companies or institutions. In whatever context, the facilitator should start with the main actors and establish the relative importance of every transformation point/actor by tracing the physical movement of material back to the producers. Government and private agencies influencing the movement of the material are also surveyed at this stage.



#### **EXAMPLE**

In the Quang Binh, Viet Nam, case study, the information gatherers conducting the survey started by contacting government agencies at the provincial and district levels, since manufacturing and trading of a number of forest products is still directly controlled by them. Government institutions that might have an influence on the movement of forest products (for example, the tax office and credit institutions) were surveyed at the same time. Surveys of private manufacturing and trading companies followed. Through these interviews, contact was made with a number of public and private producers, middle traders and primary processors. Precious information was obtained about who should be contacted closer to the places of production at district and community levels. This information about the actors and their relative importance helped build a better understanding of the pressure under which the target group was operating, and made it possible to define more precisely the limits of the research at community level.



## Information required at community level

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Factors influencing the marketing of tree and forest products are numerous and interrelated. A useful method for systematically gathering and analysing information is to screen the four areas of enterprise development (see Booklet B, p. 9).


### ***How to collect the required information***

When working at the community level, the information gatherers can use the following checklists, which are classified under the four main areas of enterprise development:

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

Information gatherers will use the checklists to obtain general information on each tree and forest product available at the project site in order to understand the main constraints. At this stage it is not necessary to gather information on the same products from many informants.

Every checklist contains a set of issues for which proper data should be collected. Remember that these checklists are indicative and judgements need to be made about what is relevant and what should not be considered.

 It is important to take into account social issues throughout the MA&D process. In this phase, it is necessary to assess the social acceptability of the future enterprises and to evaluate their potential social impact on the community. When adapting the following checklists of questions for use in particular communities, the facilitator should try to understand the relative role of each subgroup (such as women, children and the poorest) and the importance of products for each group, even if the project did not specify these subgroups as major beneficiaries.



PHASE 1: Assess the existing situation

STEP 4: Identify key constraints of the existing market system

PHASE 1	MARKET/ECONOMY ■ COMMUNITY LEVEL		CHECKLIST 1
▲	MARKET/ECONOMY	WHAT INFORMATION IS NEEDED?	
	<b>Importance of the product in the household and local economy</b>	What is the role of tree and forest products in the household or local economy? <i>For each product:</i> <ul style="list-style-type: none"> <li><input type="checkbox"/> proportion (estimate) of people (men, women, children) involved in production; processing; marketing</li> <li><input type="checkbox"/> volume and value (estimate) of each product per household in the target group</li> <li><input type="checkbox"/> for projects/programmes related to these products: size of project; budget; resources</li> </ul>	
	<b>Average quantities traded</b>	<i>For each product:</i> <ul style="list-style-type: none"> <li><input type="checkbox"/> product: quantities; income (value)</li> </ul>	
	<b>Market channels and chains</b>	<i>For each product:</i> <ul style="list-style-type: none"> <li><input type="checkbox"/> product: calendar; production; demand</li> <li><input type="checkbox"/> actors: direct (men, women); indirect (starting from production)</li> </ul> Rules and regulations (e.g. affecting access) for: production; processing; marketing	
	<b>Access to credit</b>	Available sources of credit: formal and informal Proportion of credit (estimate, average) allocated for tree and forest products production/processing/marketing Conditions for loans: interest; payback period; collateral; type of beneficiary (men, women) Obstacles to getting loans; current best way to finance activities	



PHASE 1	RESOURCE MANAGEMENT/ENVIRONMENT ■ COMMUNITY LEVEL	CHECKLIST 2
<b>▲</b>	<b>RESOURCE MANAGEMENT/ ENVIRONMENT</b>	<b>WHAT INFORMATION IS NEEDED?</b>
	<b>Potential local resources</b>	<p>List the different ecosystems and their condition (<i>be brief</i>):                      Present      10 years ago      5 years ago</p> <p>List resources currently used from these ecosystems</p> <p>List resources that were plentiful in the past, but are now rare</p>
	<b>Interaction between local community and forest</b>	<p><i>For each product:</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Infrastructure between product and collectors/producers</li> <li><input type="checkbox"/> Time needed to travel to the production/harvesting site</li> <li><input type="checkbox"/> Extraction rate per product (e.g. how much collected in one day by one collector):                      Present      10 years ago      5 years ago</li> <li><input type="checkbox"/> Who are the collectors/producers? Local and outside communities? Men? Women?</li> </ul> <p><i>If local community and outsiders:</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Does each group collect the same amount each season?</li> <li><input type="checkbox"/> Do locals or outsiders collect more, and in which season?</li> </ul>



PHASE 1: Assess the existing situation

STEP 4: Identify key constraints of the existing market system

PHASE 1		SOCIAL/INSTITUTIONAL ■ COMMUNITY LEVEL	CHECKLIST 3
<b>▲</b>	<b>SOCIAL/INSTITUTIONAL</b>	<b>WHAT INFORMATION IS NEEDED?</b>	
	<b>Institutional organization</b>	List of indirect actors involved in tree and forest products and their roles: <ul style="list-style-type: none"> <li><input type="checkbox"/> Role/function: production; processing; marketing</li> <li><input type="checkbox"/> Identification of local leaders who control: production; processing; marketing</li> </ul>	
	<b>Traditional resource management mechanisms</b>	<i>For each product:</i> <ul style="list-style-type: none"> <li><input type="checkbox"/> Traditional ways to harvest: Who harvests? Men? Women? Others? Where is the product?</li> </ul>	
	<b>Tree and forest products trade rules and regulations</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Could any religious or cultural beliefs about the product influence its management, production, processing, and marketing?</li> <li><input type="checkbox"/> Are there any community rules governing the management of the resources?</li> </ul>	

PHASE 1		SCIENCE AND TECHNOLOGY ■ COMMUNITY LEVEL	CHECKLIST 4
<b>▲</b>	<b>SCIENCE AND TECHNOLOGY</b>	<b>WHAT INFORMATION IS NEEDED?</b>	
	<b>Local technical knowledge</b>	Resources available: <ul style="list-style-type: none"> <li><input type="checkbox"/> Human: skills; training opportunities for men and women; current assistance from agencies and institutions</li> <li><input type="checkbox"/> Technical: techniques used; equipment and tools; training materials</li> </ul>	
	<b>Current processing</b>	<i>For each product:</i> Post-harvest processing operations: <ul style="list-style-type: none"> <li><input type="checkbox"/> At collection/harvesting site</li> <li><input type="checkbox"/> Primary processing at household/village site</li> <li><input type="checkbox"/> Secondary processing</li> </ul> List of small-scale and medium-scale industries (How many in the area are processing the product?)	



### **How to organize the gathering of information at community level**

It is assumed that the facilitator is well prepared and will distribute relevant instructions and formats of forms to information gatherers during the initial training organized at the beginning of Phase 1. (Refer also to the guidelines to information-gathering techniques in Booklet B) As discussed in Step 1, information gatherers can interview the same informants who were sampled during the wealth ranking exercise. It is also possible to cover Steps 1 to 3 at that point. Information gatherers might find it easier to group several households together for a joint interview, to be held in the evening after the day's work is finished.



## STEP 5 | Shortlist a range of products



Target group members now have a clear idea of the resources and products available to them, and of the constraints related to their context. They can now begin to eliminate products that are obviously too risky to be developed into enterprises.

The objective of this step is to narrow the range of products under consideration by eliminating the obviously non-viable ones.

### How to eliminate non-viable products

It may be impossible to overcome certain constraints to the development of a product for an identified market. These constraints or problems can occur in any of the four areas of enterprise development. In this step, the facilitator will help target group members to analyse the information they have gathered in order to abandon obviously non-viable products and develop a shortlist of promising products.

To achieve this result, the facilitator will:

- 1 help target group members analyse information gathered in Steps 1 to 4; and
- 2 organize workshops for target group members in order to rapidly check each product against the list of criteria for elimination provided in Step 4, and finalize a shortlist by encouraging group members to express their own preferences.

### Analyse information gathered in Steps 1 to 4

Information will have been gathered from secondary research and from interviews, using forms such as those provided in Step 4 (see p. 32). Information gatherers might have recorded information for several products in each community. The facilitator can help them to aggregate the information by identifying links between the outputs of the various worksheets and presenting them in an easy-to-read format.





### AGGREGATION OF INFORMATION

The purpose of aggregating information is to eliminate duplication and ensure that information gathered is comprehensible to both the facilitator and the target group members. It is important to set aside adequate time for this exercise, which usually involves calculating average prices, surfaces, volume produced and sold, income, and other factors, per group, village and commune, in order to synthesize the numerous tables generated from the completed worksheets in a single one. Each project or initiative can develop its own format for aggregated information.



The facilitator needs to avoid the temptation to undertake these tasks alone, and should instead try to involve target group members, even if it requires more time and pedagogical skills. The effort will be useful, since it will enable target group members to learn how to aggregate information by themselves.



#### EXAMPLE


In the Quang Binh, Viet Nam, case study, the aggregated data revealed some obvious constraints related to limited production periods, time spent getting to and from the production sites, and difficulties in getting to the markets, including high transport costs. One of the most important constraints was that there was a shortage of supply of forest honey. It was also shown that farmers had never obtained credit for the development of tree and forest product enterprises. When all the constraints became clear, the farmers decided to eliminate some products from further consideration, using a technique for the elimination of non-viable products that is explained in the following section.

### *Organize workshops for target group members*

Once the information gathered in Steps 1 to 4 has been aggregated, the facilitator can organize a workshop (or a series of workshops, if there is a large target group or many sub-groups). The objectives of the workshop are to:

- ◉ guide participants through the process of eliminating non-viable products; and
- ◉ encourage participants to reduce the range of remaining products by expressing their own preferences.

Participants in these workshops should include the information gatherers from each village or community, plus a representative number of target group members for each of the main products identified (those currently produced by the highest number of households), and members of the subgroups of the target group (such as women and the poor).

 The facilitator needs to take into account that not all of the workshop participants may be literate or that their literacy skills may be low. Suitable arrangements for facilitation of the workshop will need to be made in order to ensure that information is accessible to all participants.

#### EXAMPLE

In a case study carried out in Yen Bai province, Viet Nam, to illustrate experience in the use of the MA&D process in the Mountain Rural Development Programme, the facilitator needed to proceed slowly to ensure that villagers not only were able to participate, but that they fully understood why they were participating, and what methods were being used. The commune where the MA&D process was being carried out comprised two different ethnic groups (Hmong and Zhou), which meant that many villagers were not fluent in Vietnamese and that consequently there was often a need for translation from English/French into Vietnamese and then into the local language. In a situation such as this, where the facilitator was of a different cultural and linguistic background from that of the participants, it was very important to ensure that villagers fully comprehended the process.

#### EXAMPLE

In the Quang Binh, Viet Nam, case study, after information was aggregated, one workshop was organized for each commune. In one of the workshops, in addition to the facilitator and the information gatherers, there were also three representatives for each of the producer groups of palm leaves, silkworms, rattan, quercus seeds, honey and fuelwood. In another commune, 21 people were present, including three information gatherers, four producers of black pepper, four of rattan, two of honey from beekeeping, two of honey from beehunting, three of medicinal plants and three of cinnamomum bark.



### ***Guide participants through the process of eliminating non-viable products***

Using the set of criteria for elimination provided in Step 4 of this phase, the facilitator will guide participants through the process of eliminating non-viable products.



#### **EXAMPLE**

The following are examples of products that were abandoned because they did not meet the criteria in one or more of the four areas of enterprise development.


- **Market/economy:** declining demand. There may be a new, successful substitute for the product, or the quality of the current product no longer appeals to consumers. Palm leaf wrappers for cigarettes in southern Thailand are an example of such constraints. Manufactured cigarettes are replacing cigarettes wrapped in palm leaves, and only older men continue to smoke cigarettes rolled in palm leaves, while younger men smoke cigarettes that they buy in stores. Because of declining demand, low prices are offered to the producers (primarily women) of the palm leaf wrappers. Only those who have limited alternatives for other sources of income are involved in palm leaf wrapper production. An analysis of these findings showed that future prospects for supplying and marketing palm leaf wrappers were poor, and palm leaf wrappers were eliminated from further consideration.
- **Resource management/environment:** unsustainable harvesting/production of the product. An example of this constraint would be the overharvesting of large-diameter rattan, or of some species of medicinal plants in Viet Nam. As there is a strong demand and a high price, unsustainable harvesting occurs and future production is endangered.
- **Social/institutional:** policy and legislation do not allow the product to be legally collected. In Viet Nam, eagle wood and wildlife both have good market potential. However, government policy does not allow communities to collect them from the forest, and therefore these products cannot be considered for future development. No one should be encouraged to collect an illegal product, even if the laws or regulations are not effectively enforced. Cultural beliefs that would prohibit the product from being produced can also be a serious constraint. For example, a project in Nepal initially considered producing clothing made of a natural fibre. However, after further study, it was discovered that although women could weave the cloth, caste rules allowed only one person in the community to commercially sew the cloth into clothing. Locally manufactured clothing made from the natural fibre had to be abandoned as a product.
- **Science and technology:** a level of expertise or equipment that is not available. For example, production of bamboo blinds for domestic and export markets requires an input of labour that is too high, considering the relatively low economic returns. The purchase of a bamboo sewing machine, which would enable an increase in production with less input of labour, is not cost-effective, therefore the product should be eliminated. It would be too risky to develop, as the price received by the producer is low.

The participants will shortlist a range of products according to the following guidelines.


## How to shortlist products

The following are guidelines for how to prepare a shortlist of products during the workshop.

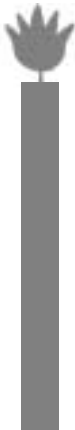
- ❶ Information gatherers share the aggregated information gathered during Steps 2 to 4 with the other members of the target group.
- ❷ The list of resources and products prepared during Step 3 is posted on the wall.
- ❸ The facilitator explains and stimulates discussion of the list of criteria for eliminating non-viable products, removing irrelevant criteria and adding new ones relevant to the concerned subgroups.
- ❹ The list of key criteria is posted on the wall, next to the list of resources and products.
- ❺ Workshop participants are asked to check rapidly each resource and product on the list against the key criteria. If the assessment is not immediate or if the members do not agree, they may refer to the aggregated results of Step 4.

 At this stage, the focus is more on constraints than opportunities. However, as a result of this exercise, the future entrepreneurs reach their own conclusions about which products should be abandoned immediately, and they can understand why these products cannot be a sustainable source of income.

### EXAMPLE

 In the case study in Yen Bai province, Viet Nam, it was found that there was a tendency of villagers and extension agents to favour certain products that they were familiar with, even though these products involved risk. For instance, buffalo was chosen by villagers because buffalo raising was associated with high status, and it was easier to obtain credit. However, the limited land available for grazing could not support the larger herds required for a viable enterprise.

### EXAMPLE

 In the Quang Binh, Viet Nam, case study, as a result of this exercise, 13 products were eliminated for the following reasons, on the basis of the key criteria.

- **Market criteria** The market value of banana flowers and of some species of forest fruits and vegetables and medicinal plants is too low.
- **Resource management criteria** Large-diameter rattan, some species of medicinal plants, river fish, chewing bark, cinnamomum bark and fuelwood are rapidly decreasing, and some of those products are threatened with depletion.
- **Institutional criteria** Exploitation of wildlife, eagle wood, timber, sassafras oil and singing birds is banned.

The information is detailed in Table C.5. The first column lists the resources and products listed in Step 3. The term 'needs more investigation' qualifies products for further consideration in Phase 2.

**TABLE C.5** Elimination of non-viable products in one commune  
in the Quang Binh, Viet Nam, case study

RESOURCE/ PRODUCTS	ELIMINATION	Criteria for elimination, or areas where more information is needed			
		MARKET/ ECONOMY	RESOURCE MANAGEMENT/ ENVIRONMENT	SOCIAL / INSTITUTIONAL	TECHNOLOGY AND SCIENCE
Wild honey	X	Seasonal	Rapid decrease of beehives		Far from the village
Large-diameter rattan	X		Depletion, no farming		Far from the village
Wildlife	X		Depleted	Banned	
Fuelwood	X		Risk of depletion		
Eagle wood resin	X		Depleted	Banned	
Sassafras oil	X		Depleted	Banned	
<i>Homalomena odorata</i>		Needs more investigation			Needs more investigation
Vang leaf tea	X	Low market value because of better substitute			
Fish from rivers/streams	X		Rapid depletion		
Timber logging	X		Decrease of stock	Banned	
Orchids	X		Risky		
Grass flower for brooms		Needs more investigation			Needs more investigation of potential processing
Mushrooms		Needs more investigation			Needs more investigation of spores
Palm leaves		Needs more investigation			Needs more investigation
Palm leaves for hats		Needs more investigation			Needs more investigation
Banana flowers	X	Low value			No processing
Forest fruits	X	Low value			Transport difficult
Quercus seeds		Needs more investigation			
Star anise	X	No demand			
Cinnamomum bark		Needs more investigation			
Wrapping leaves		Very seasonal			
Chewing bark		Low market value	Risk of depletion		

X indicates that the product has been eliminated.

ENCOURAGE PARTICIPANTS TO REDUCE THE RANGE OF REMAINING PRODUCTS  
BY EXPRESSING THEIR OWN PREFERENCES

By using the list of criteria for elimination from Step 4, the workshop participants can objectively abandon a number of obviously non-viable products. However, it is also important that participants have the opportunity to reject products that do not match their local priorities. Participants who want to reject additional products should be able to justify this elimination and discuss it with the other target group members. Products that are not eliminated through this exercise become the basis of the research conducted in Phase 2.



In addition to the need to base selection of products on objective criteria, there is also a need to be sensitive to the human element in the choice of products for marketing. The exercise detailed here serves as a tool that future entrepreneurs can incorporate into the process of their own assessment of the importance of the products for their own household. They may assess the importance of the product not only in terms of its market value, but in terms of its comparative advantage over other sources of income (such as agriculture and petty trade). Many subgroups rejected medicinal plants because they needed them for their own consumption and because they found these products too difficult to develop compared to other sources of income, such as fish raising.



**EXAMPLE**

In the Quang Binh, Viet Nam, case study, workshop participants in one commune started with a list of 41 resources and products. Eighteen products were eliminated as a result of the objective elimination exercise. Another 11 products or groups of products were rejected by the participants on the basis of their own preferences, leading to a range of 12 products at the end of Phase 1.





## STEP 6 | Raise awareness of the benefits of working together

This step is important as a means of raising awareness among target group members of the benefits of working together. Although target group members will make their own decisions about their future business activities, they will still need outside support during the process of establishing enterprises. However, supporting potential entrepreneurs on an individual basis would have little economic impact, and this would hardly be feasible within a project context. That is why there is a critical need for an organizational structure (informal or formal) to which further assistance can be directed.

This step is, in effect, a prelude to the formation of interest groups around the most viable products, which will occur in Step 3 of Phase 2.

### How to raise awareness of the benefits of working together


During the workshop held in Step 5, once participants have finalized the shortlist of potential products, they are asked to reflect on two possible ways to develop future enterprises, either individually or by organizing themselves into professional interest groups. The aim is to encourage participants to understand the importance of creating interest groups in which they can work together to prepare and develop enterprises.

The facilitator can use the following guidelines for discussion during the workshop.

- ◉ Ask participants to describe any occasions on which they have organized groups to undertake activities.
- ◉ Ask them to list the benefits of organizing themselves into groups.
- ◉ Prepare a table in which the consequences of working individually are listed in the first column, and the comparative advantages of working in a group to undertake the same activities are listed in the second column. Ask the participants to compare the two columns.
- ◉ Ask participants to describe the ways in which they have traditionally formed groups, and the rules they set for their operation (size, responsibility, steps in creation, role of the representatives).

This exercise helps participants see the advantages of creating interest groups.



At this stage, the legal status of these interest groups cannot be defined because participants do not yet have enough information. They will research the legal aspects of creating professional interest groups in Phase 2.

 During discussions about their experiences of working in groups, target group members may reveal key aspects of their socio-cultural context, such as specific social ties and cohesion. They may indicate preferred forms of grouping that could serve as a foundation for the creation of self-help groups later in the MA&D process.


## Create the team that will conduct Phase 2

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At the conclusion of the workshop, it is necessary to:

-  review the main outcomes, including the range of potential products, the need for further research about potential markets, and the need to research the legal aspects of structuring a professional group; and
-  put together the team of target group members who want to conduct Phase 2.

The team of target group members who will conduct Phase 2 will be a large group, comprising the future entrepreneurs. The team of information gatherers for Phase 2 will be drawn from this group.

 The team that will conduct Phase 2 should include representatives of the different subgroups. These people should currently be involved in the production, trade or processing of one or several products from the shortlist developed in Phase 1. The members of this team will be the information gatherers who will work with the facilitator in Phase 2.





## NOTES

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