

**The Field Facilitator Guidelines  
for the implementation  
of the MA&D approach**

**INTRODUCTION MODULE**



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## Using the Field Facilitator Guidelines

The Field Facilitator Guidelines have been divided into five modules. The first module is an introductory module focused on raising understanding about and preparedness for undertaking the MA&D approach. The following Field Facilitator Guidelines (FFG) 1-4 correspond with each of the four MA&D phases. The following is an overview of the five modules:

Introduction: Setting the context

Field Facilitator Guidelines 1: Assessing the situation

Field Facilitator Guidelines 2: Analysing the market

Field Facilitator Guidelines 3: Preparing the enterprise development plan

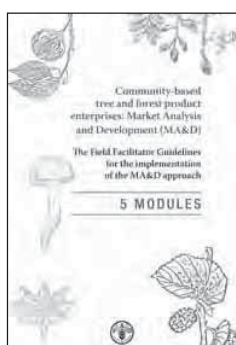
Field Facilitator Guidelines 4: Follow-up and assistance during the start-up phase

## The MA&D package

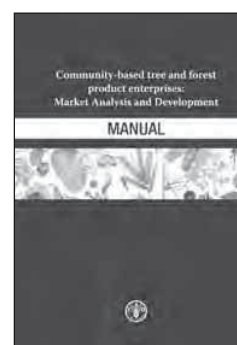
FAO, in collaboration with partners, has developed a package of materials to support the implementation of the MA&D approach.



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



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



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

## Audience for the Field Facilitator Guidelines

The objective of the FFG is to guide facilitators in supporting rural entrepreneurs in the implementation of the MA&D process.

The FFG differ from the manual in the sense that the manual is targeted at decision-makers and provides an overview of the MA&D process, while the FFG has been conceived for field facilitators and provides a very detailed, step-by-step approach for implementation with rural communities.

Facilitators will generally not need to use the manual since the information they require is covered in the FFG.

Field facilitators should be thoroughly trained by an MA&D expert before they begin to carry out training with local communities. (See Section 6. Training the Facilitators in the MA&D manual for further information).

## Implementing the guidelines

These guidelines have been drawn from several years of experience gained through the implementation of MA&D projects in many countries. They are general guidelines that will need to be adapted to the local context and needs of the communities involved. This means that the tools proposed in these FFG should also be adapted, and that the time required for using various tools will likely greatly vary according to the project context, the approach (a truly participative approach is time consuming) and the number of people involved in the project.

Finally, it must be clearly understood that the role of the facilitator is to empower entrepreneurs, ensuring that they are the ones to implement the enterprise development activities. The role of the facilitator is not to conduct the MA&D process alone or for the entrepreneurs.

## Structure of the guidelines

The information has been organized in the following categories. Each category has been assigned a relevant icon in the table below which will be used as a way of identifying where this type of information appears throughout the MA&D materials.

- **Key information about MA&D.** This section reviews the information that the facilitator should know before initiating a project. Note that this information will already have been presented to the facilitators in orientation training sessions prior to facilitating a MA&D based project.
- **Instructions on organizing the workshops.** These sections explain in great detail how to organize and facilitate the workshops and identify the appropriate tools. The guidelines take a learner-centred approach with the objective to empower the entrepreneurs and their respective communities.
- **Toolboxes.** At the end of each FFG, the facilitator will find a toolbox containing the tools they will need to facilitate the workshops of the corresponding project phase. Note that it is strongly recommended to adapt these tools to the local context and the specific needs of the project.

## Symbols used in the FFGs:



Key information the trainer should understand in depth before facilitating the training session



Detailed instructions on organizing a training session



Learning objectives of a workshop



Training material necessary for the session  
(to be prepared and adapted from the training tools)



Training tools available from the tool section of the FFG and needed for the session



Facilitation tips



Useful information or advice



Reference to the Field Facilitator Guidelines





Reference to the MA&D manual



Field form for use by entrepreneurs and explained by the facilitator during the workshop or meetings



Tools used by the facilitator during the workshop or meetings



Theoretical information on topics dealt with during the workshops or meetings



Activity to promote gender balance

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## Becoming an effective facilitator

These guidelines, together with the training sessions, will ensure that facilitators have:

- a basic knowledge about and skills in enterprise development;
- an understanding of the benefits of using MA&D as a market driven approach;
- the capacity to identify major constraints in relation to the product ideas of potential entrepreneurs;
- the capacity to facilitate discussions among entrepreneurs and to help them to make decisions on marketing strategies and organizational structures;
- the ability to understand social dynamics in a community;
- an awareness of the needs of the weakest community members and the ability to ensure their participation in the enterprise identification process;
- an understanding of the basic elements of a financial plan and business plan;
- an understanding of the five areas of enterprise development;
- the capacity to facilitate a participatory process.

## Abbreviations used in the FFG

<b>BDS</b>	Business development services
<b>EDP</b>	Enterprise Development Plan
<b>GI</b>	Geographical indication
<b>MA&amp;D</b>	Market Analysis and Development
<b>MIS</b>	Market information system
<b>NWFP</b>	Non-wood forest product
<b>PRA</b>	Participatory rural appraisal
<b>RRA</b>	Rapid rural appraisal



## **PART 1: Setting the context**

This section introduces the MA&D process: 1) objectives and flow; 2) principles; 3) methods and tools; and 4) main concepts.

It is essential for facilitators and potential entrepreneurs to have a clear understanding of the MA&D methodology before beginning to implement the process presented in Parts 2 through 5.

### **Objectives and flow of the MA&D process**

The MA&D approach has been developed to help people improve their livelihoods through sustainable natural resource management. The main strength of the MA&D process is the high degree of participation by potential entrepreneurs, either in groups or individually, in the planning and design of the enterprises.

The focus of the process is on developing the capacity of local people to become entrepreneurs. By taking into consideration the environmental, social, legal and institutional, technological and commercial aspects of enterprise development, MA&D assists communities to connect natural resource management and conservation activities directly with income-generating opportunities.

MA&D is focused on ecological sustainability, therefore it is especially applicable to enterprises based on natural resources that need to be conserved or protected from overutilization or destruction. MA&D also provides a wide scope for investigating market environments, which can help to avoid the failure of potential enterprises. Finally, MA&D places an emphasis on institutional development, ensuring that new entrepreneurs can be independent and that their enterprises are sustainable.

### **1.1 The traditional livelihood development approach differs from the enterprise development approach**

As a facilitator presenting the MA&D process to potential entrepreneurs, it is important to clearly understand the differences between a traditional livelihood development approach and the enterprise development approach. Otherwise, participants may perceive MA&D activities as being part of a typical direct intervention project and will expect to receive equipment (bicycles, hives, wells, etc.) as may have happened in the past. Such an expectation may undermine project activities and compromise the chances of meeting the objectives. Examples of some differences between the traditional livelihood approach and the enterprise development approach can be found in Tool 1.

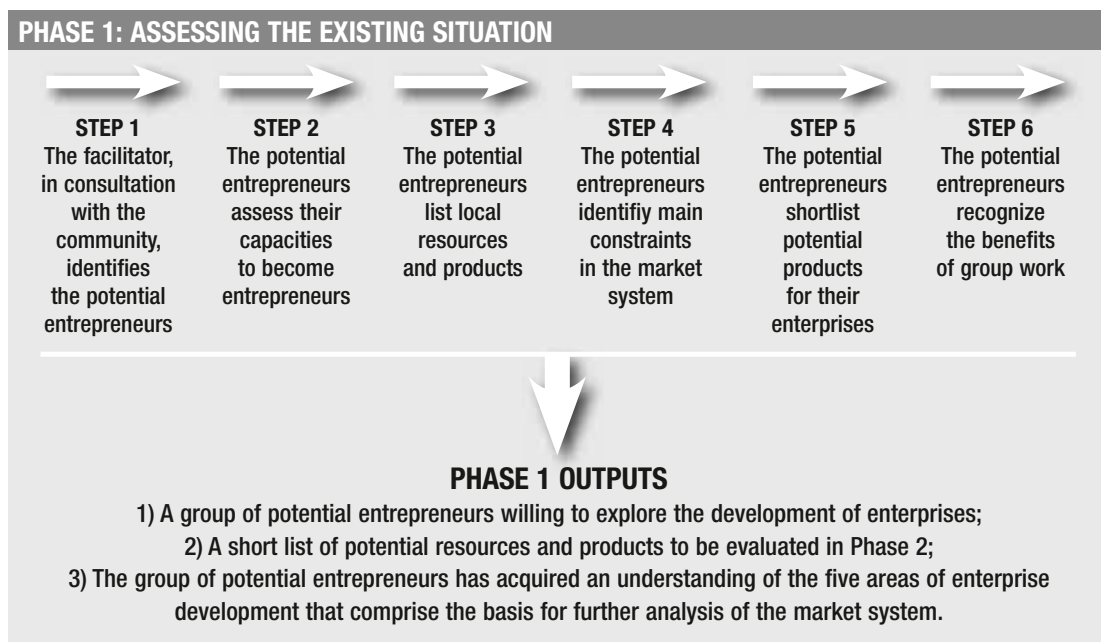
Facilitators should use Tool 1 to prepare for presenting the enterprise development approach to potential entrepreneurs and project partners. It is important to explain the differences to project participants to help them decide whether they really want to engage in enterprise development activities and to manage their expectations about the absence of direct intervention or subsidies in the MA&D approach. It is also important that Tool 1 be translated into local languages and distributed to participants.

## 1.2 An overview of the four phases of the MA&D process

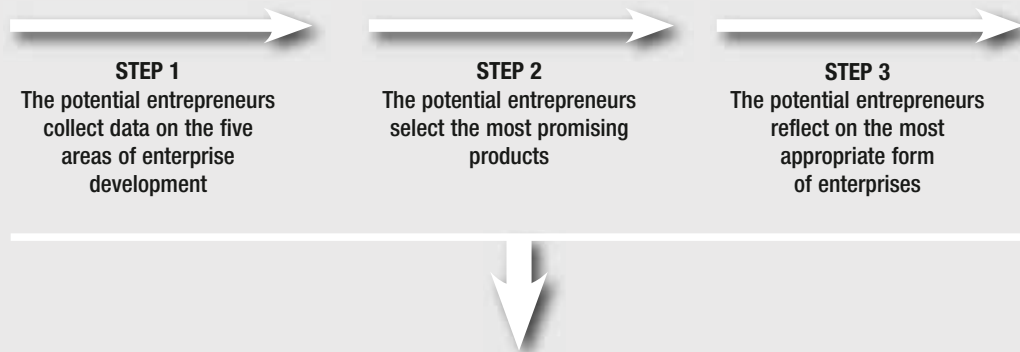
MA&D is a framework for planning tree and forest product enterprises. The preliminary phase, perhaps also useful to think of as a 'Phase 0', is the time for conducting any background research and planning activities that should be conducted before initiating any support for tree and forest product enterprise development. The four subsequent phases take participants through a simple and clear participatory process for enterprise planning and development. Each phase is broken down into a number of steps, ensuring that no critical action is overlooked and reducing the risks associated with the establishment of enterprises.

Phases 1 and 2 are diagnostic phases. They allow the identification of enterprise development opportunities and help community members to select products for their enterprises. Phases 3 and 4 are support phases. Phase 3 helps entrepreneurs to prepare their enterprise plans, and Phase 4 assists them in the start-up of their enterprises. A graphic representation of the four phase process is presented in the MA&D map in Tool 2.

See below a representation of the four phases and their corresponding steps.

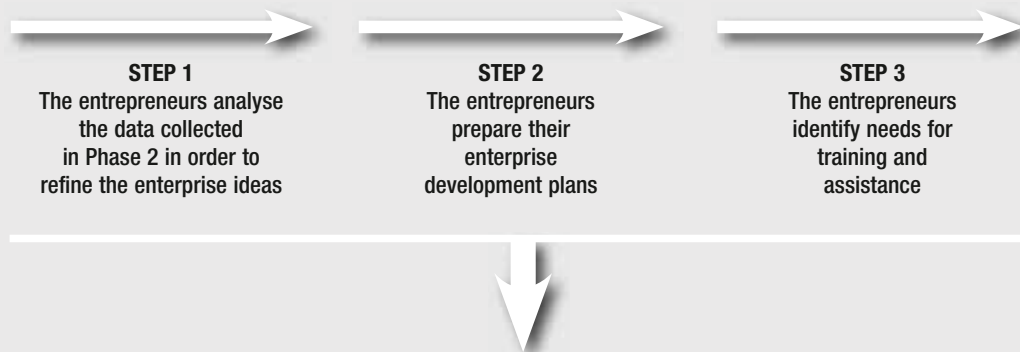


## PHASE 2: CARRYING OUT SURVEYS TO SELECT PRODUCTS AND IDENTIFY ENTERPRISE IDEAS

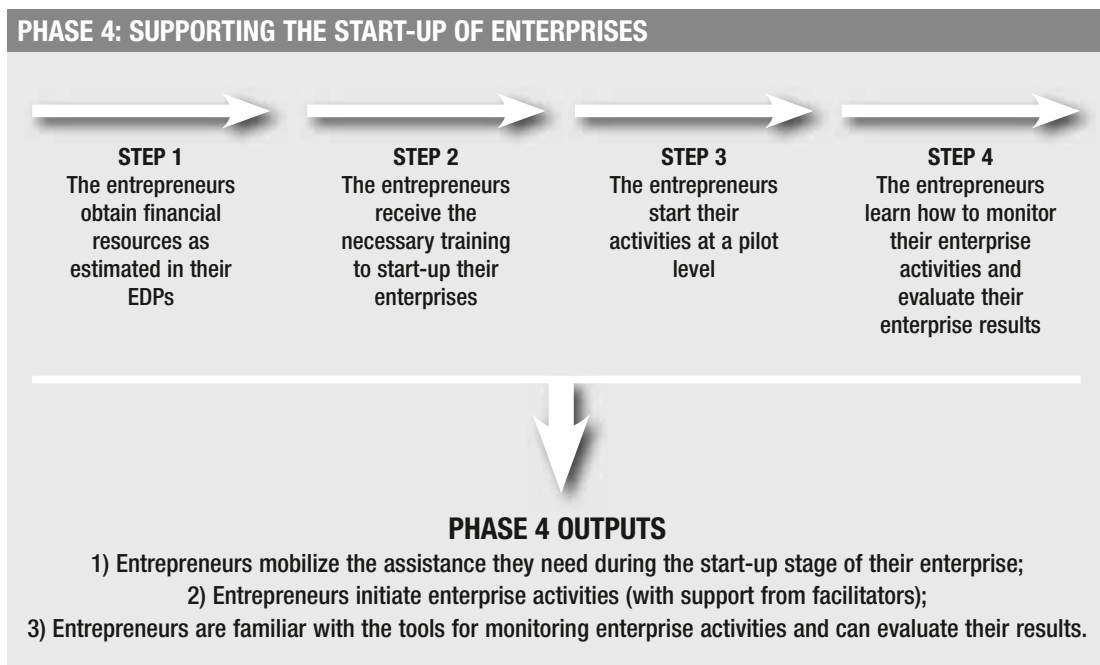


- PHASE 2 OUTPUTS**
- 1) Final selection of the most promising products;
  - 2) Collection of required data for Enterprise Development Plan (EDP) design;
  - 3) Potential entrepreneurs are aware of the most appropriate forms of enterprises;
  - 4) Interest groups are formed around the selected products.

## PHASE 3: PREPARING AN ENTREPRISE DEVELOPMENT PLAN



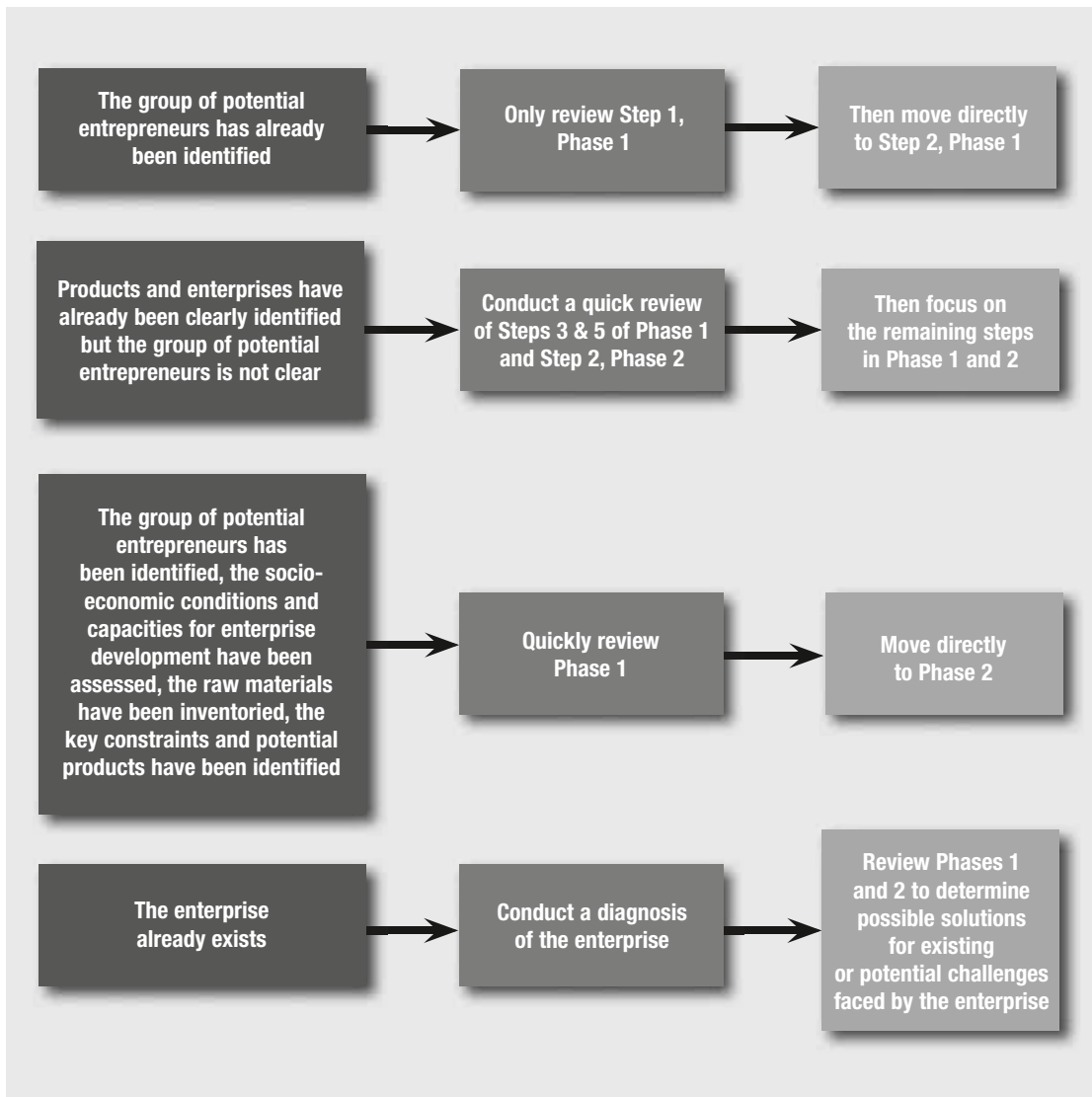
- PHASE 3 OUTPUTS**
- 1) Entrepreneurs (or entrepreneur groups) have identified strategies for their enterprises, including a financing scheme;
  - 2) Entrepreneurs (or entrepreneur groups) have prepared an EDP, including a yearly implementation plan for the pilot enterprise;
  - 3) Training and assistance needs have been identified.



### 1.3 The entry points to the MA&D process

The MA&D process follows a logical sequence of steps. Generally, it is necessary to go through all the steps, and each phase should usually be completed before the next phase begins.

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



#### 1.4 The MA&D process can be adapted to project needs

In these guidelines, we use the terminology 'natural resource-based enterprise' but the MA&D approach can also be used by other sectors, such as community-based tourism, agricultural and timber products, livestock initiatives or coastal fisheries. The MA&D approach is broadly applicable to the development of existing or new entrepreneurs at any point in the market chain, be they producers, manufacturers or traders

Example of factors that may influence the adaptability of Phases 3 and 4 are presented in Tool 4. Examples of projects already implementing the MA&D process are presented in Tool 5.





## Organize your training session on objectives & flow of the MA&D process

	<p>1-2 hours</p>
<p><b>Learning objectives</b></p>	<p>By the end of the session participants will:</p> <ul style="list-style-type: none"> <li>• be able to explain the MA&amp;D process by drawing and explaining the selection process using the 2 filters;</li> <li>• be able to explain the flow of the MA&amp;D process, especially the four phases;</li> <li>• have agreed to focus on the first phase of the MA&amp;D process.</li> </ul>
<p><b>Learning materials for the session</b></p>	<p>Prepare the following learning materials, ensuring that all of them are translated into the local languages:</p> <ul style="list-style-type: none"> <li>• a representation of the MA&amp;D process on a flip chart. This poster will serve as roadmap for the rest of the training session;</li> <li>• copies of the MA&amp;D filter diagram;</li> <li>• copies of the map illustrating the MA&amp;D process;</li> <li>• a blank table (i.e. not yet filled out) on a flip chart entitled “The differences between traditional livelihood development approaches and the enterprise development approach”. This table can be found in Tool 1;</li> <li>• an accompanying handout/copy of the table from Tool 1 (mentioned in the last bullet above) for each of the participants;</li> <li>• a list of examples of projects that have used the MA&amp;D process to meet various objectives.</li> </ul>
<p><b>Training Tools</b></p>	<ul style="list-style-type: none"> <li>• Tool 1 – The differences between traditional livelihood development approaches and the enterprise development approach</li> <li>• Tool 2 – MA&amp;D map</li> <li>• Tool 3 – The filter diagram.</li> </ul>

### Facilitating the session

1. Before explaining the main goals of the MA&D approach, ask participants the following questions:

- Why is this training session on enterprise development taking place now?
- Why is the training being conducted on this site?
- How do training participants think that the project will enhance their enterprise development knowledge and skills?

Allow time for reflection and discussion of these questions. Afterwards, you will present the training program, explaining the importance of the classroom sessions, the field exercises and ultimately, the implementation of the process on-site.

*Continued on next page*

2. Give examples of projects implementing the MA&D process in your country and/or other countries (visit the FAO community-based enterprise development website for examples <http://www.fao.org/forestry/enterprises/25494/en/>).
3. Review the differences between traditional livelihood development and enterprise development approaches:
  - Post a blank (i.e. not yet filled in) flip chart on the wall entitled “The differences between traditional livelihood development and enterprise development approaches.”
  - Break participants into sub-groups and ask them to think of possible differences between the two approaches.
  - Share the findings of the sub-groups with all participants and write them on the flip chart.
  - Enrich the answers of the participants with information from Tool 1.

To ascertain whether participants clearly understand enterprise development, organize a role-playing exercise in which some participants present the concepts to others.
4. Distribute a copy of the entire (translated) Tool 1 to participants.
5. Introduce the MA&D process:
  - Explain the overall MA&D flow by gradually revealing the flip chart of the process map, phase by phase. Do not introduce the specific steps within the phases yet.
  - Emphasize the main objectives for and expected outputs from each phase.
  - Show the relationship and the links between each phase.
  - Insist on the need for flexibility when applying the process. There may be cases in which it will not be necessary to start at the beginning or to include all steps.
6. Begin at the beginning:
  - During Phases 1 and 2, entrepreneurs and products are selected.
  - Explain the selection process which takes place during Phases 1 and 2 by sharing the filter diagram in Tool 3.
  - Explain the product screening process which is based on the criteria in the five areas of enterprise development.
7. Ask participants if they are familiar with other planning tools for business or enterprise development. Ask them to describe the similarities and the differences between these tools and the MA&D process, taking economic, social, legal and institutional and ecological.
8. Distribute copies of the map of the MA&D process and of the filter diagram.

#### Facilitation tips



- Have some successful MA&D examples and experiences that you can share with participants. Examples can sometimes convey more than explanations. Think of your own experiences or look for examples on the FAO community-based enterprise development website: <http://www.fao.org/forestry/enterprises/en/>.
- Before the session, draw the map of the MA&D process and an illustration of the filter diagram on flip charts.
- Make sure to have a copy of the MA&D map and of the filter diagram for each participant.

## PART 2: Principles guiding the MA&D approach



The following principles make MA&D an appropriate methodology for rural small-scale enterprises.

### 2.1 Sustainability and screening of the five areas of enterprise development

The principle of sustainability underlies all analysis and planning throughout the MA&D process.

#### A. Sustainability of the resource

Any enterprise idea based on a resource that may be threatened by the activity will be discarded. Enterprises selected through the MA&D process ensure that the exploitation of resources is sustainable. The sustainable exploitation of resources preserves the ecosystem. With care, resources can be harvested indefinitely from a limited area of forest or domesticated on farmland.

#### B. Social sustainability

Any enterprise idea that could create social disharmony or exclusion of local groups will be discarded. MA&D ensures that the activities and benefits of the enterprises are equitable and gender-balanced, that they do not harm the weakest members of the community or create social conflicts.

#### C. Market sustainability

Any enterprise idea that cannot propose attractive products for markets will be discarded. MA&D aims at market sustainability by ensuring constant access to market information so that entrepreneurs remain competitive. Entrepreneurs are thus able to assess changes in the market environment and adapt their products accordingly.

#### D. Legal and institutional sustainability

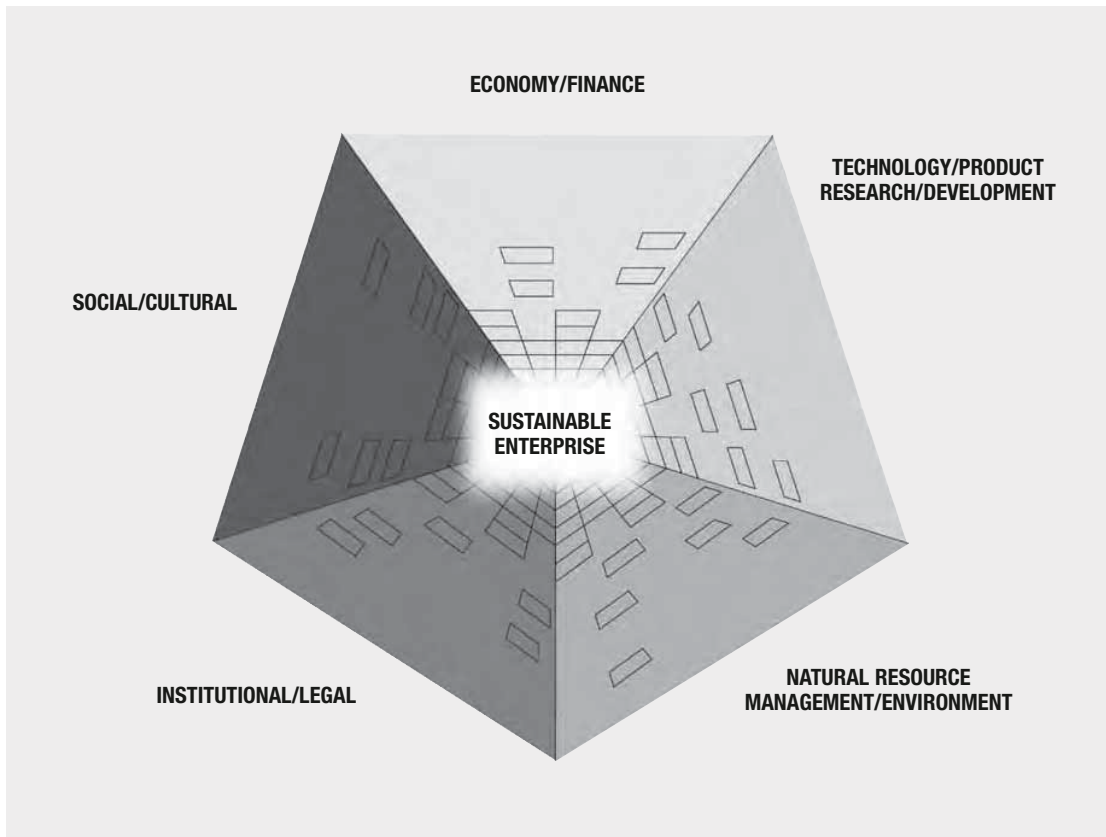
Any enterprise idea that is not able to adapt to legal and institutional realities will be discarded. MA&D ensures that entrepreneurs stay abreast of changing policies influencing harvest, processing, transportation or distribution of their products. Entrepreneurs also need to remain aware of changes in administrative procedures that can impact the registration, financing or management of their enterprises.

#### E. Technological sustainability

Any enterprise idea that is unable to acquire the equipment required to produce high quality products will be discarded. MA&D encourages entrepreneurs to select equipment that is suitable to the needs of their enterprise, users and local conditions. Users must learn to use the equipment properly, to maintain it and to upgrade it as needed.

Further examples and exercises concerning sustainability can be found in Tools 5 and 6.

The approach used to gather and analyse data is called 'screening the five areas of enterprise development' (see figure below). One of the main strengths of the MA&D process is the systematic inclusion of these five aspects of enterprise development.

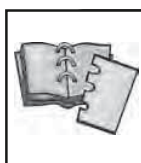


The five areas are:

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

Information related to these five areas is gathered and analysed throughout the MA&D process. The tools for collecting information ensure that only relevant information is gathered at each stage so that resources are not wasted. The process may initially seem somewhat overwhelming, particularly to those who have never been involved in such an exercise, but it is designed to ensure that only useful information is gathered.

Collecting information requires specific skills, especially in the review of printed materials, in carrying out interviews and in observation. The necessary skills and tools are presented in detail in the FFG Module 2: Carrying out surveys to select products and identify enterprise ideas.



Screening the five areas of enterprise development is described in more detail in the FFG Module 2: Carrying out surveys to select products and identify enterprise ideas.

## 2.2 Relevance to enterprises based on natural resources

The MA&D approach can be particularly useful for enterprises based on natural resources, although its application does not need to be limited to those enterprises. Natural resources do differ from agricultural products. However, small-scale rural entrepreneurs often do not understand these differences and do not adapt their enterprises accordingly. It is the role of the facilitators to help entrepreneurs to deal with the constraints and opportunities specific to natural resources. The differences between natural resources and agricultural products, and how these differences affect the marketing of natural resources are highlighted in Tool 7.

## 2.3 Gender sensitivity



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

Gender equity and balance is a concern that is taken into consideration consistently throughout the MA&D process. It is addressed by tools and mechanisms to ensure that women are equally involved in the process. The FFGs propose tools to ensure that the priorities of women are not compromised by the priorities of men, to identify enterprises that may be more suitable for women and to provide suggestions about the type of enterprise women may more readily and easily develop. Use of these tools can ensure that the interests of women are protected. For example, in Phases 1 and 2, while selecting products, sub-groups of women can be created to ensure that female participants have the space and freedom to choose products and enterprise ideas best suited to their situations and capacities.

## 2.4 The central role of the entrepreneurs

The role of the entrepreneur is central to the methodology. Enterprises emerging from the MA&D process need to be sustainable after the departure of the facilitator. As a facilitator, you will support the entrepreneurs as they go through the MA&D process, however the entrepreneurs will have to make their own decisions and plans for their future enterprise activities.

An important role of the facilitator is to ensure that the entrepreneur is at the centre of the process at all times. More detail about the facilitator's role is presented in Tool 8.

## 2.5 Making strategic alliances

A single service provider will not be sufficient to support all of the needs of natural resource-based enterprises since a range of expertise will be needed, some linked to production or forest management, some related to marketing and enterprise management and some associated with technology and even policy issues.

If one of the parties in the value chain is weak, the whole venture can be affected and may even collapse. Forming effective alliances is thus a key concern. As a facilitator, your role will be to help participants to identify the partners that are best able to contribute to developing their enterprise.

In Phases 3 and 4 of the MA&D process, entrepreneurs will identify and create linkages with the partners identified in Phase 1 and 2. These partners will then reinforce their leverage in the selected product's subsector. For example, establishing a cooperatively owned and managed cold-storage facility in a district centre could benefit small groups of producers scattered throughout the area. This solution would be preferable to building individual storage facilities in each village. General guidance on how to create strategic alliances is presented in Tool 9.

### Strengthening local implementation structures

MA&D encourages collaboration with national and local NGOs in order to improve the market, social and resource management performance of entrepreneurs. It also supports the creation or the strengthening of entrepreneurial groups to mobilize collective strengths. These groups have often been useful in increasing the efficiency of enterprise activities. They can help maximize profit from sustainable forest use by decreasing production cost, improving monitoring of forest product use, creating links to support institutions and standardizing prices and scaling systems.



For further detail on MA&D guiding principles, refer to the MA&D manual, Section A2 on core principles of MA&D methodology.



## Organize your training session on introducing the MA&D guiding principles

	<p>1-2 hours</p>
<p><b>Learning objectives</b></p>	<p>At the end of the session the participants will:</p> <ul style="list-style-type: none"> <li>• be able to cite examples, based on their own experience, related to the MA&amp;D principles (especially to the five sustainability characteristics);</li> <li>• be able to explain what will happen if one of the sustainability characteristics is omitted.</li> </ul>
<p><b>Learning materials for the session</b></p>	<p>Prepare the following learning materials, ensuring that all of them are translated into the local languages:</p> <ul style="list-style-type: none"> <li>• a diagram of the five characteristics of sustainability on a flip chart (see Tool 6);</li> <li>• a list of definitions and examples of the five characteristics (see Tool 6);</li> <li>• examples of the MA&amp;D approach being used for products other than forest products;</li> <li>• a flip chart and handouts displaying the potential differences between a business based on agricultural products and one based on forest products (see Tool 7);</li> <li>• examples of enterprises that have failed due to external influence in the choice of production or enterprise strategy;</li> <li>• examples of projects that failed because they were based on a weak product;</li> <li>• a flip chart and handouts listing potential service providers or commercial partners.</li> </ul>
<p><b>Training Tools</b></p>	<ul style="list-style-type: none"> <li>• Tool 6 – The five characteristics of sustainability: definitions, examples and exercises;</li> <li>• Tool 7 – Checklist of the differences between natural resources and agricultural products.</li> </ul>

### Facilitating the session

1. Summarize what was discussed in the previous training session on the objectives and process of the MA&D approach and introduce the guiding principles of MA&D.
2. Participants reflect about the principles of the MA&D approach:
  - Split the participants into small groups (4-5 people per group).
  - Tell a story about a successful MA&D application from the region. Ask participants to talk about successful businesses or enterprises from their own villages or districts.
  - Write the following tasks on a flip chart for discussion by the small groups:
    - a. Provide one example of a successful business or enterprise, and one example of a failed business or enterprise.
    - b. If you can, explain the reasons for their success or failure.

*Continued on next page*

- Ask the groups to share their findings with the group.
  - Record the main findings alongside the relevant sustainability characteristic.
  - Show participants how failure or success of an enterprise might relate to one or more sustainability characteristics.
3. Using Tool 6, and referring to the examples listed in Tool 5, define the five sustainability characteristics and illustrate each case with an example drawn from the participants or from your own experience:
- Emphasise that the MA&D approach ensures that enterprises respect the five characteristics of sustainability, increasing their chances of success. Show the diagram of the five characteristics on a flip chart (see Tool 6).
4. Optional: If you have time, ask participants to share other examples of unsustainable harvesting of forest products, or facilitate the following activity:
- Split the participants into small groups (4-5 people per group).
  - Ask each group to choose one of the five sustainability characteristics and consider what might happen if this aspect is not taken into account.
  - You can also use the exercise in Tool 6.
5. Participants learn about the second principle: “MA&D applies to enterprises based on natural resources”.
- Give participants examples of how MA&D can be used for products other than forest products. Emphasize that the process will be unique when applied to forest products since they have specific characteristics.
  - Split participants into small groups (4-5 people per group).
  - Give each group five minutes to reflect upon the differences between embarking on an enterprise based on agricultural products and one based on forest products.
  - Have a flip chart ready with the label: “The differences between enterprises based on agricultural products and enterprises based on forest products” (see Tool 7).
  - Fill in the flip chart with inputs from the small groups (see Tool 7).
  - Emphasise that participants will have to take into account these differences when developing their enterprise strategies.
6. Participants learn about the third principle: “MA&D is a gender sensitive approach.”
- Ask participants to list the resources or products they are accustomed to selling.
  - Ask them to describe the main activities involved in all steps, from harvesting to selling these products.
  - For each step, they should identify the people most highly responsible for the activity. It is more than likely that for some products men will be responsible for the activity, and for others, women will be most responsible for the activity.
  - Discuss the importance of giving equal opportunities to men and women, in ways that best suit their unique needs and capacities, so that each gender can meaningfully contribute to the activities.
  - Initiate a discussion about the opportunities that women have to develop enterprises, and the conditions and changes that will be needed in the community for this to happen. Ask participants whether it would be feasible to establish these conditions for the project.

*Continued on next page*



7. Participants learn about the fourth principle: “The central role of the entrepreneur.”

- Share case studies illustrating how an enterprise failed due to the interference of an institution, NGO or individual in the choice of product or enterprise strategy.
- Describe the negative impact that the failure may have had on the entrepreneur's livelihood.

8. Participants learn about the fifth principle: “The making of strategic alliances.”

- Ask participants to give an example of business activities in which they are currently involved, including all the steps in which they are involved, from harvesting to selling.
- Ask participants to describe the people that are involved at each step in the process.
- Emphasize that several individuals or organizations may be contributors to a successful enterprise. An important part of enterprise development is to be aware of the individuals and organizations that can help you, and to establish relationships with them.
- Have a list of potential services providers or commercial partners available to participants on a flip chart and on handouts.

**Facilitation tips**



- Encourage participants to talk about their own experiences.

## PART 3: Main methods and tools

MA&D provides a set of tools that the facilitator should choose from according to the needs of project participants, local opportunities or challenges and the time available for carrying out the project. The tools proposed in these guidelines have been designed especially for projects related to natural resources, and have been tested extensively in the field.

The success of MA&D-based projects depends on: 1) the way in which participatory tools and methods are used; 2) the quality of the information on which the selection of enterprise ideas and the preparation of enterprise development plans is based; and 3) the ability of participants to access this information and to achieve cost-efficiency in MA&D. These three success factors are presented in more detail below.

### 3.1 Using participatory methods and tools

The concepts underlying the MA&D tools may already be familiar as most have been adapted from participatory rural appraisal guides or entrepreneurial development manuals. Indeed, MA&D is the outcome of shared experiences and best practices of participatory processes applied to communities involved in developing enterprises. As with all participatory training tools, those presented in these guidelines will need to be adapted, sometimes extensively, to meet specific project needs.

The MA&D process can only be implemented successfully with the active participation of all potential entrepreneurs in the community. This, in turn, relies upon the ability of facilitators to enhance the group dynamic. Good facilitation skills are thus essential for ensuring an effective sharing, learning and participatory decision-making process over the course of the project.

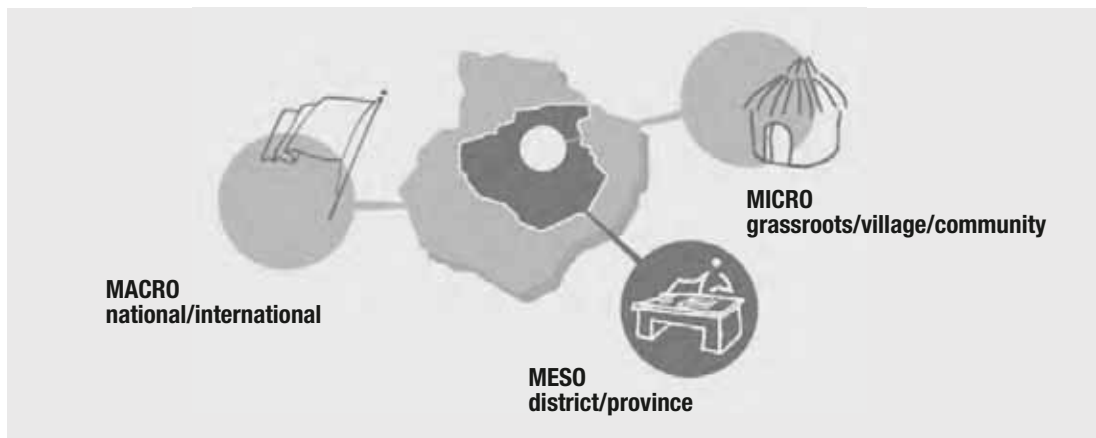
Tool 8, highlights the activities in which the facilitator is expected to play a key role during the course of a project using the MA&D approach.

### 3.2 Levels of information collection in MA&D

The collection of information related to enterprise development takes place at three levels:

- the macrolevel, i.e. national and international level;
- the mesolevel, i.e. district and province level;
- the microlevel, i.e. community and village level.

## Levels of information collection in MA&D



Usually, an intervention at one level will indicate investigation at a higher level. For example, when developing a product at the community level, it is advisable to study potential buyers at the district level. And, in case supply exceeds demand at the district level, it would also be logical to study potential buyers at the national level.

Information collection needs to continue even after the final products have been selected and enterprises have been established (in Phases 3 and 4). Information will be needed at the three levels in order to:

- regularly review the business environment of the enterprises;
- review the enterprise strategies and action plans;
- monitor the progress of enterprise performance.

The same three-level approach should be used regardless of the scale of the enterprise, the context and the potential entrepreneurs involved. The only variations may be in the time required – which will depend on the amount of information needed and the location of the information sources – and the skills required for obtaining the information.

### 3.3 Accessing information and maximizing cost-efficiency in MA&D

The time and cost involved in identifying and developing an enterprise are generally of considerable concern to local people, who do not have much of either to spare. A systematic approach is needed to ensure that only relevant information is collected.

In MA&D, information collection usually starts in a context where little formal information already exists. The MA&D process adopts the perspective of local people, recognizing that information is to be collected for practical purposes and not for research. Information must be collected in realistic amounts and in cost-effective ways.

Further details about the role of information in the MA&D approach is presented in Tool 10.

## PART 4: Introducing concepts in the context of MA&D

### 4.1 Specific MA&D terminology

The terminology used throughout MA&D has been carefully selected to be consistent with participatory methodologies and to avoid preconceptions about traditional extension methods. It is important to not use conventional terms, even if they are better known, as they may carry the wrong connotations. Use the MA&D terms and explain their meaning to project participants (see MA&D glossary).

#### 4.1.1 The differences between selling and marketing

Marketing is a more involved process than selling. Selling is part of the marketing process and is the act of encouraging a potential customer to buy a product – i.e. to receive ownership of a product – in return for compensation, usually money. Marketing, on the other hand, is a comprehensive approach to designing a product, delivering it on time and at the right price to meet customers' needs. Marketing includes the production, the processing, the promotion, the distribution and finally the sale of a product.

A key principle of marketing is to produce what can be sold for a profit, rather than simply what can be produced easily. An enterprise must identify and satisfy consumer needs in order to survive. This generally means adding value to a product by processing or packaging it, which usually involves indirect actors in the process. Successful entrepreneurs are market-oriented rather than product-oriented.

Further details about the differences between selling and marketing are presented in Tool 11.

#### 4.1.2 The market or business environment

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

#### 4.1.3 The entrepreneur

The term “entrepreneur” is used to describe an individual who earns income directly from the sale of their products. Entrepreneurs use natural resources for generating income, rather than strictly for subsistence purposes. The term ‘entrepreneur’ is used in MA&D instead of the traditional term ‘businessperson’ (and ‘enterprise’ instead of ‘business’) because it includes the individuals who trade the product, but also those who harvest, grow, process, store, and transport it. The term entrepreneur implies a capacity for planning, commitment and skills beyond those generally required for an income generation activity alone. The entrepreneur is central to MA&D and will receive support from the facilitator as they carry out the MA&D process. Ultimately, however, the entrepreneurs will be the ones making the decisions and plans with regards to their future enterprise.

#### 4.1.4 The market system

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

The whole system must operate within certain boundaries established primarily as a result of external factors, such as the availability of human resources, the educational level of those involved, the infrastructure, the availability of transportation, communications and economics.

#### 4.1.5 Actors: Direct and Indirect

There are two types of actors operating among producers and consumers. These are the direct actors and the indirect actors. These actors can come from both the private and public sectors.

'Direct actors' belong to the value chain through which the product is marketed. They include harvesters, traders, processors and retailers. For example, the direct actors in the production of honey are the hunters and the beekeepers, the village purification and packaging unit (which collects honey from the different harvesters), the wholesalers and retailers.

'Indirect actors' influence the value-chain of the product. They include policy-makers, technical researchers and environmental groups. Indirect actors are individuals or organizations that enable the flow of goods and services. For example, the indirect actors in the production of honey may include the local agricultural bank that provides small loans, the technical department of the government that provides technical training and the environmental non-governmental organization that trains the producers in nature-friendly harvesting technologies.

#### 4.1.6 The value chain

A value chain consists of the value-generating activities needed to bring a product from its origin as a natural resource to production and subsequent delivery to final consumers and ultimately, its disposal after use. This includes activities such as harvesting, cleaning, transportation, design, processing/production/transformation, packaging, marketing, distribution and support services. A chain can be local, national or global. In the MA&D process, the value chains of products or services are analysed, especially during Phase 2, in order to address key weaknesses and to identify opportunities.



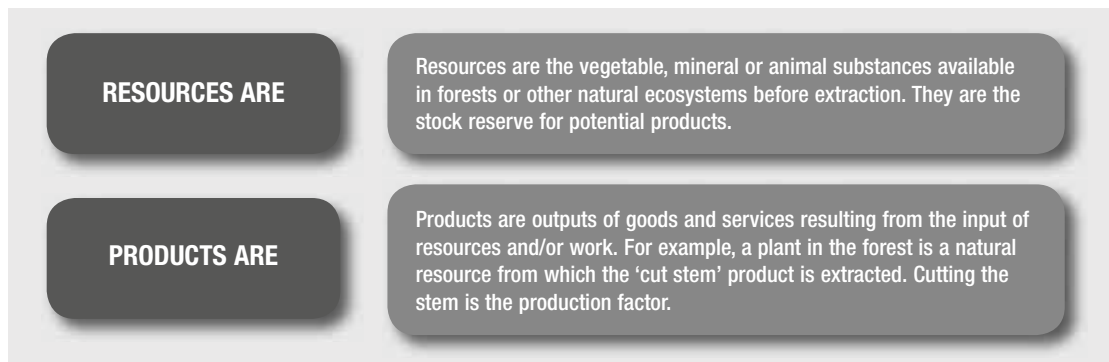
For further information on value chain analysis, consult Module 2: Carrying out surveys to select products and identify enterprise ideas.

#### 4.1.7 Value addition

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

consumption. The MA&D process aims to transform villagers into entrepreneurs. In most cases, these villagers will need some incentive to move from existing traditional products to new products. The concept of value addition is central to marketing. Through value addition, customers have a greater choice of products and can decide which products offer the best value for money. Further detail about value addition is presented in Tool 12.

#### 4.1.8 The differences between a resource and a product



One can make a lot of different products from a single resource. For example, rattan can be transformed into rope, baskets or furniture. A wild fruit can be dried, made into juice, jam, sweets or wine.

It is important to clarify the difference between resources and products. Frequently, community members identify a promising resource in Phase 1 and use this resource as the basis for analysis and enterprise selection in Phase 2. Yet, by the time the entrepreneurs get to Phase 2, they should be comparing products, not resources. For example, if wild berries, honey and mushrooms are short listed in Phase 1, Phase 2 will be the time for comparing the sales opportunities for berry jam, juice, filtered honey and dried mushrooms.

#### 4.1.9 The Enterprise Development Plan

The term Enterprise Development Plan is used instead of business plan because a business focuses mainly on economic, financial and technological considerations, while an enterprise includes those, as well as ecological, social and institutional aspects. The Enterprise Development Plan is a document resulting from the enterprise planning exercise. It describes the enterprise and its strategies. An EDP is useful for assessing the potential performance of an enterprise, for communicating intentions regarding the enterprise, clarifying intentions among enterprise partners and persuading service providers to assist the enterprise.



For further information on Enterprise Development Plans, consult FFG Module 3: Preparing the Enterprise Development Plan.



## Organize your training session on terms and concepts used in MA&D

	<p>1.5-2 hours</p>
<p><b>Learning objectives</b></p>	<p><b>Objectives</b> At the end of the session the participants will be able to: At the end of the session the participants will be able to:</p> <ul style="list-style-type: none"> <li>• describe at least two differences between selling and marketing;</li> <li>• explain the difference between direct and indirect actors and how they link to the market system;</li> <li>• explain the need for value addition and the participation of indirect actors in marketing;</li> <li>• explain why it is important to differentiate between resources and products, and what those differences are.</li> </ul>
<p><b>Learning materials for the session</b></p>	<p><b>Prepare the following materials:</b></p> <ul style="list-style-type: none"> <li>• a flip chart with the title “Selling” written at the top;</li> <li>• a flip chart with the title “Marketing” written at the top;</li> <li>• a list of four groupings of participants with diverse business knowledge and experience;</li> <li>• blank cards;</li> <li>• a flip chart listing the different characteristics of selling and marketing;</li> <li>• local products from similar resources in various stages of processing and packaging: for example, loose tea leaves, tea leaves in a box and vacuum packed tea leaves;</li> <li>• a representation of a market chain for a product familiar to participants;</li> <li>• the list of actors and their functions that would be involved in the market chain example given above;</li> <li>• a flip chart listing the main definitions of the terms used in MA&amp;D;</li> <li>• handouts with the definitions of the main terms used in MA&amp;D for each participant.</li> </ul>
<p><b>Training Tools</b></p>	<ul style="list-style-type: none"> <li>• Tool 11 – The differences between selling and marketing;</li> <li>• Tool 12 – Value addition;</li> <li>• Tool 14 – Overview of potential resources and products in the project area.</li> </ul>
<p><b>Facilitating the session</b></p> <ol style="list-style-type: none"> <li>1. Explain that the session will be about marketing concepts that are the basis of the MA&amp;D approach.</li> <li>2. Split participants into four groups. The groups should be formulated in advance, using a mix of knowledge and experience.</li> </ol>	

*Continued on next page*

3. Create a true understanding of the differences between selling and marketing:

- Ask each group to write down four examples from their trade or business experience and the corresponding market operations involved (who sells to whom, where and when do sales take place, what sort of transport is used, pricing, form of product, etc.).
- Each example should be written on a different card.
- To save time, ask two of the four groups to volunteer to present their examples to all participants. If there is time, all four groups can present their examples.
- Facilitate the exercise by asking participants whether they would characterise each example presented as selling or marketing, and why.
- Write each example on the flip charts under the corresponding column “Selling” or “Marketing.”

4. Optional:

- Paste the two flip charts entitled “Selling” and “Marketing” at two different corners of the room.
- Explain that you will read out a list of characteristics for either selling or marketing. Participants that think the list is about selling walk to the side of the room with the flip chart indicating “Selling” while participants that think the list is about “Marketing” walk to that side of the room.
- Ask participants in the “Selling” and the “Marketing” groups to explain their choices and clarify the definitions of the two operations as needed.
- Start a discussion by asking the following questions:
  - Why is it important to understand the differences between selling and marketing?
  - What type of information is needed for marketing?
  - What type of information is needed for selling?
- Summarize the main learning points by stressing the need for marketing and enterprise planning. For additional exercises on the differences between selling and marketing, use Tool 11.

5. Create a true understanding of value addition:

- Show local products based on a similar resource in various stages of processing and packaging.
- Ask participants what differences they see between those products.
- Facilitate a discussion on the technical and price differences between the products.
- Ask participants what forms of the products they prefer to use and why.
- Ask participants why most producers make and sell the same products instead of diversifying and selling different things.
- Emphasise that, just like the participants, different consumers prefer different products as well.
- Explain the concept of value addition.
- Choose an example of a local resource, such as a fruit or a nut, and ask participants to imagine the different forms in which it can be sold.
- Emphasize the need for a range of different products in order to attract different types of customers. If everyone were to produce the same products, the demand would decrease, as would the price.
- Summarize the main points by stressing the need for value addition and involving indirect actors in marketing.

6. Create a true understanding of the differences between direct and indirect actors:

- Ask a volunteer to choose displayed local products or to substitute another product familiar to them.
- Ask participants to consider which actors may have been involved in the production of the product.
- Record at least three types of actors, each on a different card.

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- Prepare a flip chart with a column entitled “direct actors’, and another entitled “indirect actors.” Divide each column into five subcolumns representing the five areas of enterprise development as shown in the table below.
- Discuss the two types of actors, direct and indirect.
- Ask participants to place the cards listing the actors in the corresponding location on the flip chart.
- Ask participants whether they think that all cards have been placed correctly. Correct and explain as needed.
- Summarize the main points. Stress that all indirect actors and their activities influence the direct actors. Reinforce that direct and indirect actors make up the market system for any product.

Direct actors	Indirect actors				
	Market/Finance	Natural resource management/ Environment	Social/Cultural	Institutional/Legal	Technology

**Facilitation tips**



- As a facilitator, you will need to have a clear understanding of the concepts and terms used in MA&D. To pass on this knowledge to participants, use their own local and concrete experience as examples.

## PART 5: Getting ready for MA&D implementation

Alone, these guidelines are insufficient to guarantee successful enterprises. The contribution of the facilitator to the development of small enterprises will partly depend on the quality of the project and partly on the ways in which the MA&D tools are put into practice. The MA&D methodology, when used appropriately, will produce the expected results. On the other hand, if used incorrectly, the results will likely be disappointing.

Some basic rules can ensure the success of the methodology. For example, a project must involve the entrepreneurs from the start and facilitators must be thoroughly trained in the use of the MA&D methodology. Failure to do either of these things will almost certainly result in the selected products or enterprise ideas not being adapted to the needs of the entrepreneurs.

The objective of this section is to help assess whether current conditions are suitable for implementing the MA&D process.

To determine this, two main questions need to be considered:

- Do the minimal requirements for initiating support to enterprise development exist?
- Have the preliminary/preparatory activities been conducted to ensure that the project is ready for field implementation?

Lack of sufficient preparation may lead to difficulties and even to unsuccessful projects. It is strongly recommended that the facilitator, together with the project managers, assess in detail the required conditions as presented in Tool 17.



For more detail about the minimal requirements needed to start support to enterprise development, refer to the MA&D manual, Section B1.

### Is the project ready for field implementation?

To apply the MA&D methodology, resources including staff time, financial support for time spent in the field and administrative support will be essential. The project management should ensure that these resources are fully taken into consideration during the project planning process. A reminder of the key preliminary activities that should be completed before you start your work is presented in Tool 18.

## **Are you ready to use these guidelines?**

There are three types of experience that will be particularly useful as background for facilitating the MA&D process:

- experience working with villagers in the field;
- experience with participatory assessment techniques and tools;
- experience in facilitating participatory processes with villagers.

The more the experience you have had, the easier it will be for you to facilitate the MA&D process. However, your attitude as a facilitator is the most important factor. You will face the challenge of letting the villagers discover for themselves the type of enterprise that best suits them, rather than giving them your opinion. You will need to ensure that the villagers get the right information at the right time so that they can make the best decisions about setting up their enterprises. This approach requires you to be open-minded and committed to empowering small entrepreneurs to develop their own enterprises. Further detail about how to prepare yourself for successful implementation of the MA&D process is presented in Tool 19. A description of the main tasks you will carry out throughout the MA&D process, and a checklist that can help you determine whether you are suited for the role of facilitator, is presented in Tool 20.

## PART 6: Getting started

This section presents 1) the preliminary activities you will need to undertake before starting training activities at the field level; and 2) the basic knowledge you must have to guide potential entrepreneurs through the MA&D process.

### 6.1 Understand the local context and prepare the training tools for use in the field

#### Understand the local context

Before starting training sessions at the field level, you will need to have an understanding of the following:

- the market demand at national or international levels for products with existing trade routes;
- the key stakeholders and service delivery organizations in the enterprise sector, as well as the national legal and institutional context for forest resource and enterprise development;
- policies for extraction, management, transportation, processing and trade of trees and forest products (including tax policies) in the project area;
- opportunities and constraints for enterprise development locally, including past experiences, existing service providers, livelihood strategies and inventory of potential resources and products with comparative advantages for the area.

To obtain this information, you will need to:

- study the information that was compiled to identify the project site and initial strategy;
- refine this information by collecting additional legal, technical, currency and market information from local sources at district and provincial levels.

#### Prepare the tools for field work

We suggest that before starting any training sessions at the field level, you prepare the lists and tables described in Tools 13 and 14. To obtain this information, you will need to:

- review the documents provided by the project team;
- check whether a product sector (e.g. natural resources, NWFP or cultivated tree and forest products) has already been selected for the project;
- refer to available information about the product sector by consulting with or interviewing key regional contacts, government officials, members of chambers of commerce and any others found to be relevant, and consult available and relevant printed materials;
- review local resources and products produced and/or traded in the past;
- identify potential new products and/or technologies.

## 6.2 Clarify limits on the project's enterprise development support

Before starting and training sessions at the field level, you will need to:

- clarify the time frame and the type of support (loans or grants for capital investments, training, links to other agencies, etc) that entrepreneurs can expect during the implementation of MA&D (especially during Phase 3) and after the project is over;
- clarify the type of support that each product enterprise can expect and the number of products that the project can support, trying to envision the project's exit strategy if the support required by the entrepreneurs exceeds the project's capacity.

## 6.3 Prepare the work-plan for implementing Phase 1

### Define your intervention area within the allocated site

Before starting any training sessions at the field level, you will need to define your intervention area, taking into account:

- any time limitations;
- the number of partners and staff members who will assist you;
- the type of transportation available.

Details about how to define the intervention area are presented in Tool 15.

A summary of the main preparatory activities that the facilitator needs to accomplish before starting Phase 1 of the process is presented in Tool 16. Before starting any training sessions at the field level, you will need to:

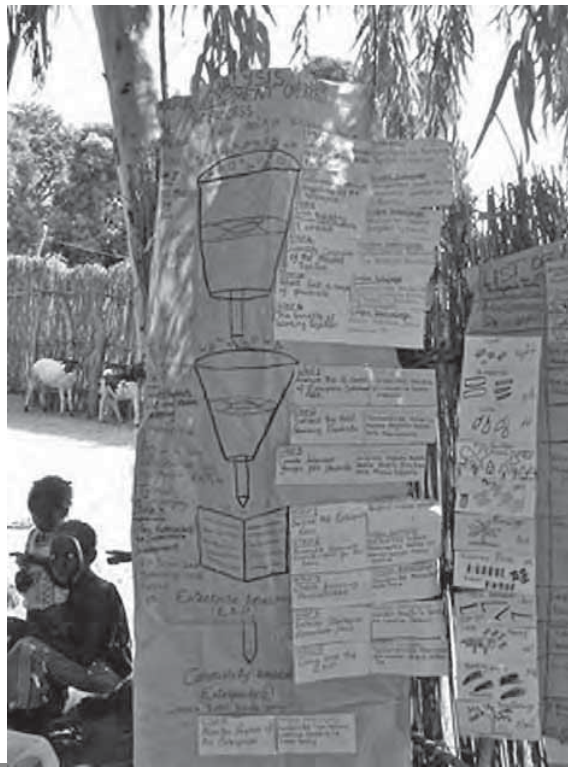
- prepare your work-plan for Phase 1 implementation;
- define the results to be achieved and the required activities;
- plan the resources necessary to attain the desired results;
- prepare a work-plan and timeline to ensure that colleagues (such as the project manager, other staff members and consultants) and potential partners (including farmers, interest groups, donors and local authorities) understand the goals and objectives of the initiative.

With the project staff in the office, you will need to:

- recall the critical elements needed for planning Phase 1, as described above;
- prepare the work-plan and timeline for required activities and estimate the human resources required to conduct Phase 1.

The MA&D process differs from other enterprise development methodologies because it focuses on environmental and social concerns as well as technical and financial issues. For this reason, you must not only have technical skills but also the skills and motivation to work directly with local people. You must help them to develop the ability to develop and operate their own enterprises. When preparing the work-plan, remember to give local people enough time to learn and understand the new tools and methods at their own pace.

*An illustration of the filter diagram in the Gambia*



## Tools to facilitate the training sessions<sup>1</sup>

**“Every 1000 mile journey begins with a single step.”**

*Sun Tze. Ancient Chinese Philosopher*

<sup>1</sup> *Tools should be adapted to the local context, language(s) and specific needs of the project.*



## Tool 1 – The differences between traditional livelihood development approaches and the enterprise development approach

CHARACTERISTICS OF THE TRADITIONAL LIVELIHOOD DEVELOPMENT APPROACH	CHARACTERISTICS OF THE ENTERPRISE DEVELOPMENT APPROACH
Potential entrepreneur groups receive assistance even if they have not expressed a need for it.	Potential entrepreneur groups or existing entrepreneurs request the assistance they need.
Potential entrepreneurs do not have total control over the assistance they receive.	Entrepreneurs know and control all of the elements of their enterprises.
Technical equipment or financial grants are given without first determining whether there is a market for the product to be developed.	The market is thoroughly checked before entrepreneurs are advised to invest their money and effort in an enterprise.
Grants are made without many conditions.	Grants are not awarded systematically. Entrepreneurs are instead encouraged to link to services providers who can assist them in accessing resources that suit their particular needs and conditions (soft loans, grants, etc.).
Activities stop at the completion of project support.	The entrepreneurs acquire the skills and knowledge necessary to undertake sustainable livelihood development activities that will continue after the project ends.
Potential entrepreneurs learn about a very specific technical area which is not relevant to other areas of their lives.	Entrepreneurs can apply new knowledge and skills to other aspects of their economic life after the project ends.
New community groups must be formed in order to receive grant or technical support under the project.	There is no need to establish community groups from the outset because typically, potential entrepreneurs will decide to work together as they find that working with one another in a group will provide additional benefits to them.
Entrepreneurs decide on an activity without deeply analysing its potential or comparing it with other options.	Entrepreneurs analyse the weaknesses and the strengths of potential products.

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CHARACTERISTICS OF THE TRADITIONAL LIVELIHOOD DEVELOPMENT APPROACH	CHARACTERISTICS OF THE ENTERPRISE DEVELOPMENT APPROACH
Entrepreneurs do not prepare detailed plans for their enterprises.	Entrepreneurs prepare an EDP as a road map and as a means of supporting any request they make for support.
Most business plans do not take into account environmental and social concerns.	The EDP considers the environmental and social concerns associated with the enterprise.

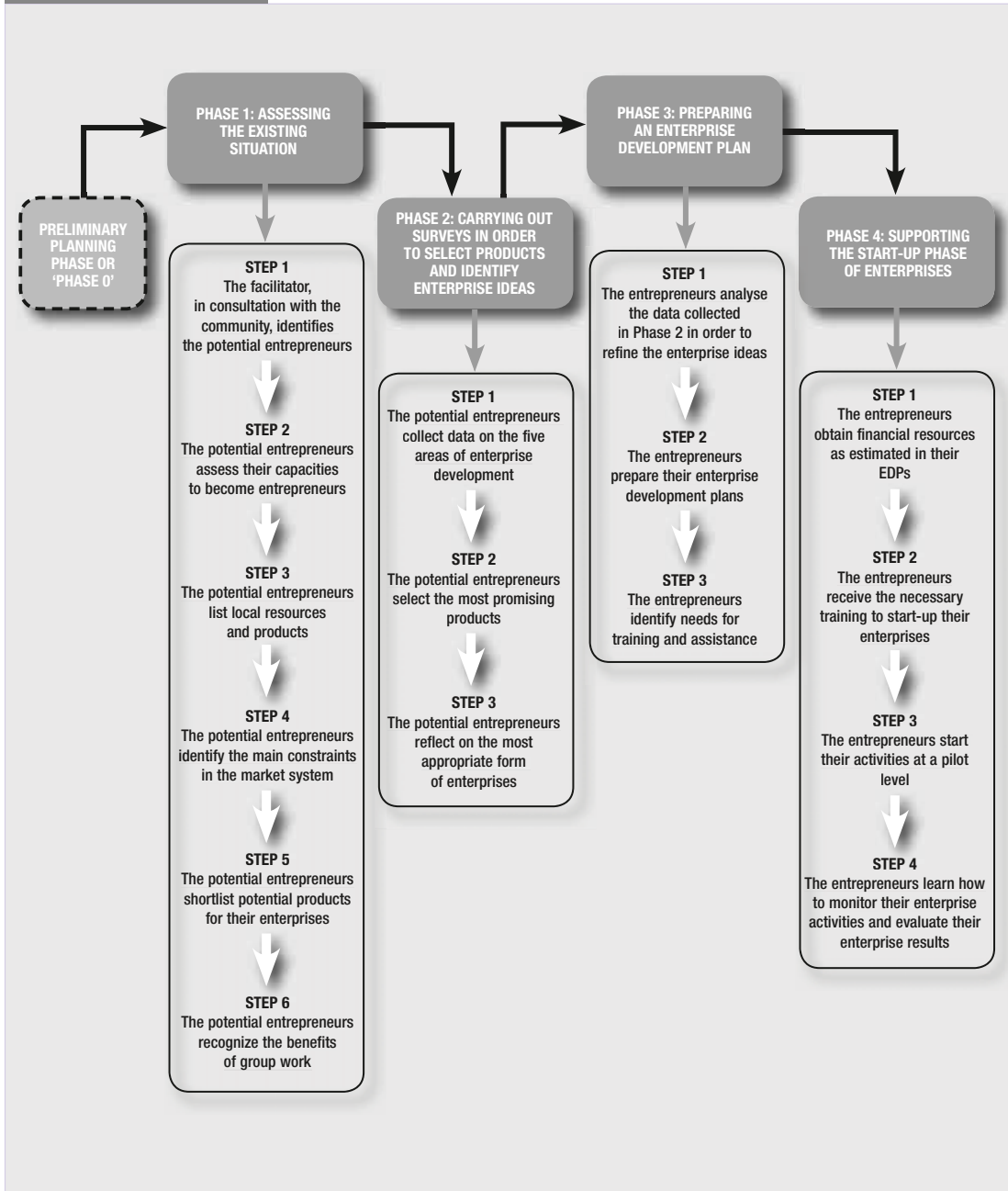
*Note: This table should be translated in local languages as needed and distributed to participants*





## Tool 2 – MA&D map

### The four MA&D phases

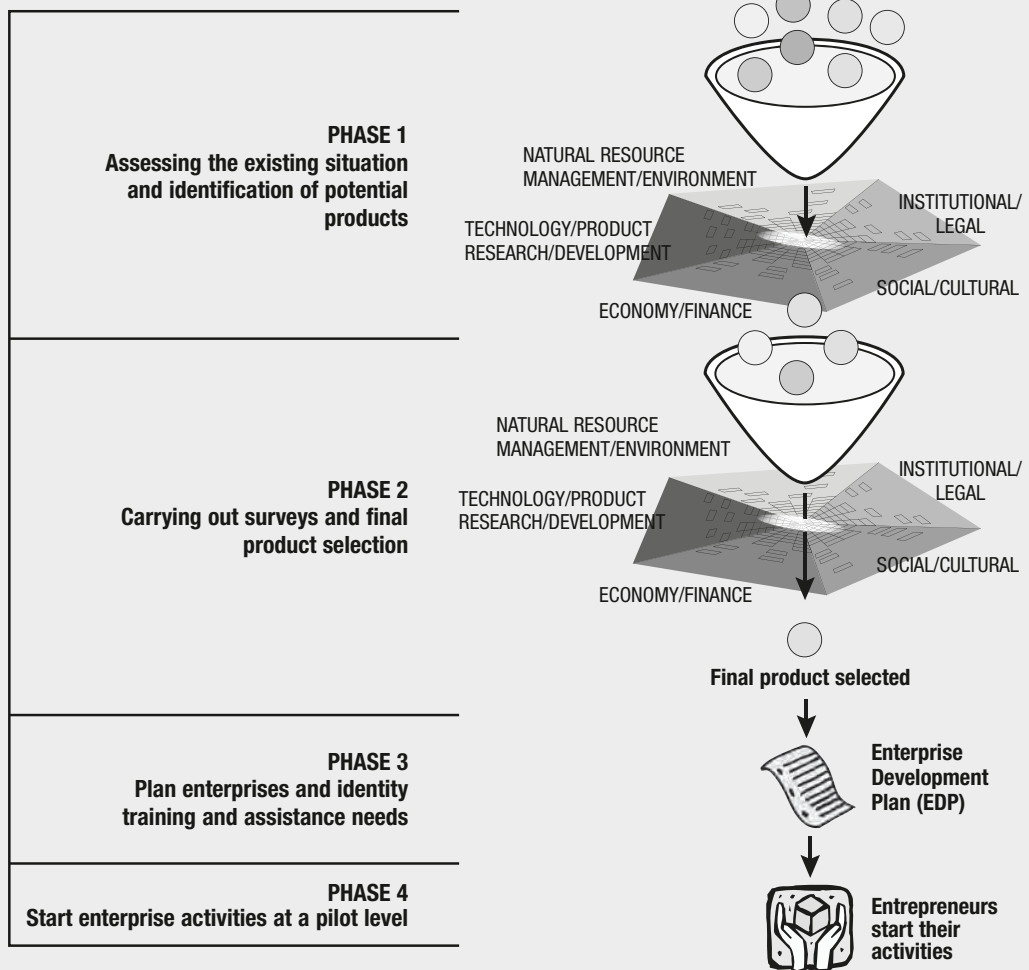




## Tool 3 – The filter diagram



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



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



## Tool 4 – Factors influencing the adaptation of Phases 3 and 4

<p><b>Factors that may influence the adaptation of Phases 3 and 4</b></p>	<p>Scale of enterprises: the scale of enterprises and their level of complexity will dictate the level of sophistication of the tools – for example, microenterprises will require fewer financial projections than small enterprises, and their enterprise development plans will be simpler.</p>
	<p>The amount of information available after Phases 1 and 2: if information is lacking, facilitators may have to plan additional study tours at the beginning of Phase 3. If all information has been collected, the development of the EDP can start directly.</p>
	<p>New beneficiaries join the process at a later stage: project staff and the facilitator(s) will need to diagnose the situation upon the arrival of any newcomers to the process or the project, and may find that they will need to re-address some of the issues covered in Phase 2.</p>
	<p>Other factors influencing how Phases 3 and 4 are implemented: whether working capital for the future enterprises is available, and any time constraints facing facilitators.</p>



## Tool 5 – Examples of projects that have successfully used the MA&D process for enterprise development



For more examples, consult the MA&D manual, Annex 1 or consult the FAO website:  
<http://www.fao.org/forestry/enterprises/25494/en/>.

- The MA&D process has been used in many countries. A few examples include:
- In Ethiopia, to increase income for communities living in mountainous areas, within highly populated areas and limited cultivation lands.
- In Vietnam, to create jobs and increase income from forest products for two rural ethnic minority communities living in mountainous areas, and to identify new and valuable products to replace opium for the Hmong people in one community of the highlands area.
- In Laos, to increase income for women of minority ethnic groups in a mountainous area.



## Tool 6 – The five characteristics of sustainability: definitions, examples and exercises

### Resource Sustainability

The sustainable utilization of resources protects the ecosystem where the resources grow so that they can continue to be sustainably harvested from a limited area of forest over an indefinite period, or alternatively, domesticated on farmland. Developing markets for products developed from these resources does not inevitably have to lead to overexploitation.

#### Examples

Using the MA&D process, Nepalese farmers organized themselves to harvest the fruit of the amala tree (*Emblica officinalis*) in the same part of the forest every year without causing the stock of the resource to decrease over time.

In Northern Vietnam, the Lai Chau Province is the host to a wide range of NWFPs, many of which have been utilized in a sustainable manner for many years and have provided a good source of income for farmers. However, the supply of some of the most valuable products such as large diameter rattan and cardamom (*amomum villosum*) are becoming scarce due to overexploitation and rapid deforestation. This is primarily due to demand from the timber trade, from smuggling and from the conversion of forest land into agricultural lands.

### Social sustainability

MA&D ensures that the activities and benefits of supported enterprises are equitable and gender-balanced, do not harm disadvantaged members of the community and do not create social conflicts.

#### Examples

Social sustainability was a key issue in the selection of a community enterprise in central Viet Nam. Silkworm production was preferred to other activities with higher potential income because women were already highly involved in this activity. For some women a silkworm production enterprise may have meant a slight increase in workload but the advantage was that they would get a fair share of the benefits.

In many countries, the cultivation of medicinal plants has a high market value. However, if the land for cultivation is already used by livestock, this may lead to conflicts between the entrepreneur and the herd owners. The MA&D process should take this duality into consideration.

### Legal sustainability

MA&D ensures that entrepreneurs stay abreast of changing laws and policies influencing the harvest, the processing, transportation and distribution of products as well as the registration, financing and operations of the enterprise.

**Examples**

When collecting data during Phase 2 of MA&D, some entrepreneurs learned that they could benefit from tax exemption during the start-up phase of their enterprises. Others learned how they could gain access to financial institution or government funding programs by complying with simple formalities, while still others became aware of the royalties they would have to pay to extract specific species from the forest. This information influenced the enterprise development decisions.

**Market sustainability**

MA&D contributes to enterprise sustainability by ensuring access to market information and staying abreast of changing policies that influence product distribution. The process also helps entrepreneurs to remain competitive by assessing changes in market environments and adapting products so that they remain attractive to the targeted customers.

**Examples**

Once traditional medical practitioners in Nepal understood that consumers were attracted by ‘modern-looking’ medicines they changed the presentation of their medicinal preparations in order to stay competitive. They decided to package their traditional medicines in colourful capsules and tablet strips, with the additional benefit that the medicines could be kept fresh longer.

Beekeepers in remote mountain villages in Vietnam benefited from the creation of an alliance with a government company responsible for purifying and marketing honey. The beekeepers were able to sell some of their product through the marketing channels of the government company while receiving technical information that helped them to improve the quality of their product.

**Technological sustainability**

Technological sustainability is ensured by choosing appropriate technical equipment that caters to the needs of an enterprise and suits both users and local conditions. In a sustainable system, users know how to use equipment properly, to maintain it when necessary and to upgrade it when more efficient technology becomes available.

**Examples**

In the South West Uplands of Uganda, community members modified and improved a traditional hive instead of buying modern wooden top-bar hives that would have been expensive as well as ineffective in the cold, humid mountain climate. The traditional hive, which was woven from a local species of vine, reduced predation and increased honey yields. Community members were then trained to manufacture the traditional hives, guaranteeing future supplies at affordable prices.

## The five types of sustainability: exercises

### Instructions

Read the following case study carefully. Discuss the questions in your group and write your answers on a flip chart.

### Case study

In Northern Vietnam, the Lai Chau Province hosts a wide range of NWFPs. Some of them have been traditionally exploited for the market for many years, such as:

- *Amomum villosum*, also known as the *Bengal Cardamom*, which is used for medicinal and aromatic purposes;
- large diameter rattan.

These products provided a good source of income for generations, however the supply has become limited – with a consequent impact on income – as a result of:

- uncontrolled production for the market;
- deforestation due to the timber trade and smuggling, as well as the conversion of forestland into agriculture lands.

In order to curb this trend, the government promoted trial plantations of certain species. Although the plants grew successfully, most trials ultimately failed because of lack of extension capacity (in terms of staff and capital), poor management and inadequate policy frameworks, which did not ensure the required resource management.

The forest enterprise authorities in charge of the development of the plantations recognised that even though the new plants were growing well, the forest enterprises were not able to generate the expected benefit from their investment because farmers were illegally harvesting the products.

As a result of the depletion of the most valuable species for the market, the cross border trade from Laos is now flourishing. For example, in 1999, about 70-80 percent of the traded *Amomum villosum* originated from Laos.

### Questions

1. How did the villagers lose their extra income from selling tree and forest products?
2. How could this situation have been prevented?
3. What are the principles of an appropriate marketing approach?



## Tool 7 – Checklist of the differences between tree and forest products and agricultural products

TREE AND FORESTS PRODUCTS	AGRICULTURAL PRODUCTS
Grow in the wild	Are sown or planted
Come from complex ecosystems	Come from less diverse and fragile ecosystems
Land users' rights/ownership is often an issue	Fewer issues about land users' rights/ownership
Obtained from common lands, implying group decisions	Obtained from private lands allowing individual decisions
Open access	Controlled access
Managed by the Ministry of Forests, which regulates protection of the forest	Managed by the Ministry of Agriculture, which provides services to farmers to increase production
Grow in forests far from markets and good roads	Closer to markets and transportation means
Collected in small quantities by many collectors	Produced in large volumes by individual farmers
Little support for marketing	More support for marketing
More legal requirements	Fewer legal requirements
Frequent illegal trading	No illegal trading
Entrepreneurs of tree and forest products cannot use lands as collateral	Entrepreneurs dealing in agricultural products can use lands as collateral

These differences mean that tree and forest products may require a specific marketing strategy:

- Regulations over harvesting and benefit sharing mechanisms have to be agreed by the community.
- Informal and scattered market information is more difficult to gather.
- Enterprises are often small-scale.
- Transportation costs are often high.





## Tool 8 – The role of the facilitator

Remember that you are a “facilitator” not an “extension worker”. Your role is to facilitate a participatory process that aims to develop the capacity of the entrepreneurs to think, analyse and act on their own.

To be an effective facilitator, you need to attend the facilitator training sessions and study these guidelines in depth. By studying the guidelines you will:

- get a basic knowledge and skills in enterprise development;
- gain an understanding of the benefits of using MA&D as a market-driven approach;
- develop the capacity to point out major constraints in relation to the product ideas of community members;
- be able to facilitate discussion among entrepreneurs so that they can make decisions related to marketing strategies and organizational structures;
- be able to understand the social dynamics in a community;
- be aware of the needs of the weakest members of the community and ensure that they can participate in the process of enterprise identification;
- understand the basic elements of financial plan and business plans.

### **A. Respect the length of the MA&D process**

As a facilitator, you will need to match the pace of the MA&D process with the capacity of the entrepreneurs. They will need time to internalize the information they require to make the best decisions for their enterprises. Don't rush the process to save time or to reach a conclusion more quickly.

### **B. Involve entrepreneurs from the beginning of the process**

Involving the entrepreneurs from the outset will ensure that they understand and respect rules and decisions as they will feel an ownership of the process and an interest in identifying problems and possible solutions.

### **C. Clearly indicate the benefits of using MA&D**

This will inspire the participants, create enthusiasm around the enterprise ideas and encourage a mutually beneficial flow of information in and out of the entrepreneur group.

Improving the access of entrepreneurs to information is a challenge but it minimises the risk of holding onto weak enterprise ideas.

### **D. Select adequate tools and teaching materials**

The right tools will allow the entrepreneurs to acquire the necessary skills and information they will need to build viable and sustainable enterprises.

The table below summarizes the facilitator's ideal role during an MA&D project:

<b>Role of the facilitator in supporting the learning process of the entrepreneurs</b>	Introduce the project to key stakeholders, community leaders, representatives of existing community-based organizations or organizations already active in the community.
	Strive to align the procedures of NGOs and microfinance institutions providing business plan assistance or loans in order to avoid differences in loan rates or in the amounts of money given to the staff they send to trainings as daily allowances.
	Ensure that the weakest target groups are not marginalised during the MA&D process.
	Explore potential links with existing microfinance groups in the community or other local loan or grant funding mechanisms.
	Prepare questionnaires and train the future entrepreneurs to gather and analyse information and to monitor and evaluate project results.
	Help organize MA&D workshops, ensuring that the timing and location promotes good attendance of target group representatives.
	Encourage the establishment of interest groups around specific products, taking into consideration marketing concerns as well as socio-economic and cultural factors.
	Develop mechanisms to ensure that any market information obtained is shared with all future entrepreneurs.
	Be aware when conflicts emerge and facilitate dialogue to find solutions.
	Explore ways of establishing sustainable links between the future entrepreneurs and service providers such as buyers, providers of equipment, trainers or other technical experts.
	If the project employs consultants to conduct surveys in the community, ensure that they develop the capacity of community members in the survey techniques and present a summary of their findings to community representatives.
	Develop mechanisms for the community to store and display the information generated by the MA&D process, such as workshop flip charts, consultant reports, photos, video, etc.
	Provide coaching and encouragement to future entrepreneurs in order to give them the confidence to create their pilot enterprises.
Document challenges that arise during the project and the solutions that are found to address them.	



## Tool 9 – Creating strategic alliances

<b>To create strategic alliances, entrepreneurs need to</b>	Assess their own main strengths and constraints.
	List the areas where external assistance is most needed.
	Select other members in the market chain that could also benefit from the alliance.
	Identify indirect actors in each of the target sectors of enterprise development who could assist in overcoming constraints. Assess the nature of existing relationships with these actors and determine how these need to be changed.
	Develop links with selected key actors.
	Eliminate from consideration or give lower priority to actors with whom a relationship is not necessary.

### Example

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



## Tool 10 – The importance of information in the MA&D process

**MA&D aims at simplifying complex information requirements.**

MA&D identifies priority areas and provides checklists to collect the information needed for sound decision-making.

Indicators used are relevant and easy to understand.

**In MA&D, local knowledge is recognized as an important source of information.**

Local people already have extensive information about local resources and the existing situation. This knowledge must be acknowledged and included when assessing available information in each of the five areas of enterprise development.

**Local people are trained to gather information and depend on specialists for selected tasks only.**

Decision-making will often depend on information gathered by rapid appraisal techniques and using simple research tools. Local people should be able to conduct market surveys by following simple instructions. It may be necessary to include a short training session on methods for information gathering, such as interviewing skills, observation and analysis of the secondary sources of information available at local levels.

**Alliances are built with appropriate institutions or individuals in order to gain access to information.**

When it is necessary to conduct in-depth studies, it will be useful to link with individuals or institutions that may be in a good position to get the required information at a low cost.

**Simple tools are provided for saving time and money.**

In Phase 1, the tools used to select products will avoid spending further time, effort and money on products that are non-viable.

**Entrepreneurs are teamed up and trained to collect information.**

Entrepreneurs are taught basic information gathering techniques at the start of the MA&D process and work together to gather key data.



## Tool 11 – The differences between selling and marketing

CHARACTERISTICS OF SELLING	CHARACTERISTICS OF MARKETING
Sell what you can make	Make what you can sell
Product-oriented	Customer-oriented
Volume-oriented	Profit-oriented
Looks for new opportunities to sell products	Adds value through and packaging
Promotes how products are made	Promotes how products meet customer demand
Customer service is secondary	Customer service is product
Limited planning and feedback	Extensive planning and feedback
Doesn't involve indirect actors	Involves indirect actors



## Exercise 1

Think of a product you know well. Draw a diagram of the market chain(s) for this product on a flip chart.

Ask the following questions to the participants:

1. Did the product change as it travelled through the market chain(s)? If yes, how and why?
2. Who is involved in the various steps through the marketing chain(s)?
3. Is the process described here 'selling' or 'marketing'? Why?
4. Ask participants to list the differences between 'selling' and 'marketing'.

## Exercise 2

Place a flip chart with the word 'marketing' at one end of the room and another flip chart with the word 'selling' at the other end of the room. As you read out statements from the table about marketing or selling, participants will should go and stand by the corresponding flip chart.

SELLING	MARKETING
Sell what you can make	Make what you can sell
Product-oriented	Customer-oriented
Volume-oriented	Profit-oriented
Looks for new opportunities to sell products	Adds value through processing and packaging
Promotes how products are made	Promotes how products meet customer demand
Customer service is secondary	Customer service is integral to product
Limited planning and feedback	Extensive planning and feedback
Doesn't involve indirect actors	Involves indirect actors

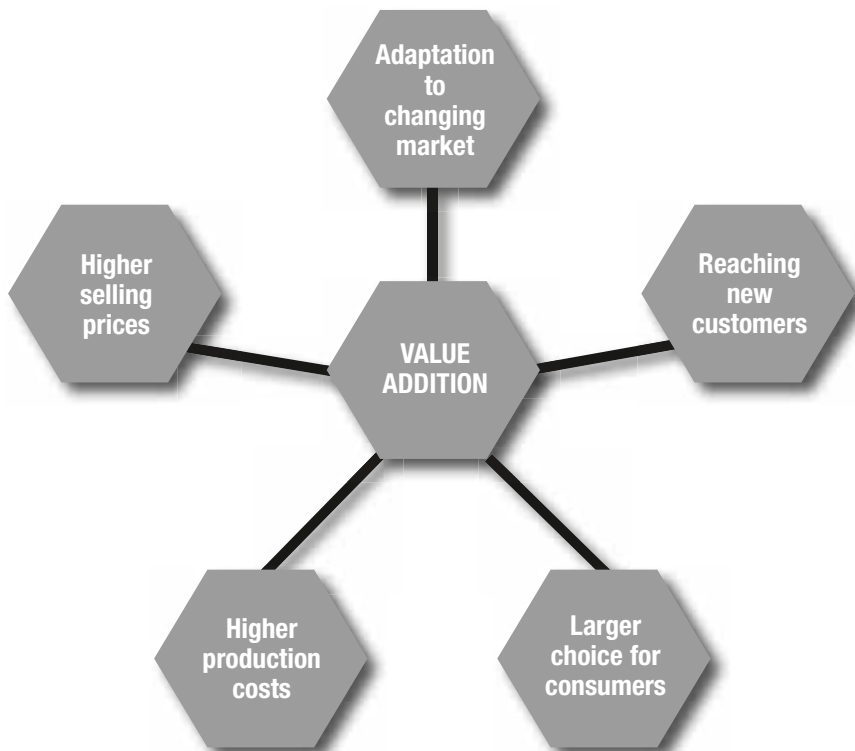


## Tool 12 – Value addition

The attraction of new products and value addition depend on customer preference. Customers who care for convenience will buy tea bags, rice cakes and pre-cooked packaged noodles whereas customers who care more about price will prefer to buy loose tea or rice flour. Consequently, producers need to understand customer preference in their markets.

The purpose and use of a product also evolve with a new product. For example, pre-cooked noodles can be used for travelling, as they are easy to cook. Entrepreneurs need to analyze the function and the cost of their products as they determine the value of the product. This value will be viewed differently by different customers.

Developing a new product requires careful analysis and thought. Through value addition, producers can target different buyers with different products, match the different preferences of consumers and adapt to any fluctuations in the business environment.





## Tool 13 – Tables and lists to prepare before field training begins

Prepare a list of enterprises, resources and products that are already available at the project site or that might be introduced there. For background, use the overview documents and the survey reports provided by the project management team and the informants that you have met during your preparatory visit. See Tool 14 for help in preparing the list.

Prepare a table (see below) noting the possible sources of external and internal sources of capital (formal and informal) for small entrepreneurs in the region. Include the strengths and weaknesses of each funding source.

<b>External sources of capital</b>	<b>Strengths</b>	<b>Weaknesses</b>
<b>Internal sources of capital</b>		

Prepare a table (see below) citing the main rules and regulations influencing access to resources, production, processing, transportation and trade of forest products in the country and the region.

	<b>Rules and regulations</b>
<b>Access to resources</b>	
<b>Production</b>	
<b>Processing</b>	
<b>Transportation</b>	
<b>Trade</b>	



Prepare a table (see below) concerning the legal status available for small rural entrepreneurs in the country and the region. Include the strengths and weaknesses of each type of status.

Potential legal status	Strengths	Weaknesses

To prepare the tables, you will need to:

1. Review all documents provided by the project team.
2. Check whether a product's sector (e.g. natural resources, NWFP or cultivated tree and forest products) has already been chosen for the project.
3. Refer to the information about the product sector provided by the key regional contacts, government officials, members of chambers of commerce, and others found to be relevant.
4. Review the resources and products produced and/or traded in the region in the past.
5. Review potential new products or technologies.



## Tool 14 – Overview of potential resources and products in the project area

Use this table to prepare a checklist of resources and products available at the project site of your project. This tool will help participants to review available resources and products during Step 3 of Phase 1 of the MA&D process.

<b>Overview of resources and products in the project area</b>	
<b>Cereals</b>	
<b>Starch, sugar, alcohol, acid plants</b>	
<b>Pulses</b>	
<b>Vegetable oils and fats</b>	
<b>Edible fruits and nuts</b>	
<b>Vegetables</b>	
<b>Spices and condiments</b>	
<b>Fibres and flosses, like bamboo</b>	
<b>Packing, thatching, wickerwork</b>	
<b>Edible products</b>	
<b>Fodder (e.g. animal feed) plants</b>	
<b>Resins and gums</b>	
<b>Tannin and dyes</b>	
<b>Industrial oils</b>	
<b>Essential oil plants</b>	
<b>Plants for beverages, chewing or smoking</b>	

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**Overview of resources and products in the project area**

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<b>Insecticides</b>	
<b>Medicinal, narcotic or poisonous plants</b>	
<b>Fuel products</b>	
<b>Wood products</b>	
<b>Ornamental, hedge or wayside plants</b>	
<b>Animal products</b>	
<b>Other</b>	



## Tool 15 – Defining the intervention area

Before starting the training sessions you will need to define your intervention area, taking into account:

- any time constraints;
- the partners or staff members who will assist the project;
- the transportation means available.

The project site will already have been defined at this stage, based on surveys conducted in the community. However, the site you have may have been allocated may be too large or otherwise not feasible for project activities. If this is the case, define an area that you can realistically work on, considering the means and time at your disposal.

To refine your project intervention area, you will need to:

1. Draw a map of the possible sub-sites on which work can realistically be carried out within the larger allocated site.
2. Indicate on the map:
  - the average population and number of households in each village;
  - the distance between the villages (in km and time needed by foot or by other means of transport (specify), and the distance between the villages and main marketplaces in the district or province.
3. Estimate the number of visits you can reasonably make in a week or a month to these villages.
4. Compare this estimate with the average number of days per month that you (and the project management team) plan to spend on MA&D activities.

To prepare this map, consult the overviews compiled prior to the commencement of the project to define its strategy, and the survey report used to select the project sites. In Tool 16, you will find a table summarizing the main preparatory activities that the facilitator will need to accomplish before starting Phase 1 of the MA&D process.



## Tool 16 – Summary of the main preparatory activities that the facilitator needs to accomplish before starting Phase 1 of the MA&D process

Step	Activities, location and individuals responsible and involved
<b>Facilitator preparation</b>	<p>Training hall</p> <ul style="list-style-type: none"> <li>• Attend the first facilitator training for Phase 1 to gain a clear understanding of the MA&amp;D process, its principles, methods, tools and main concepts, as well as tips on how you can introduce these topics to potential entrepreneurs.</li> <li>• Attend a refresher training course on in participatory facilitation methods and tools.</li> </ul>
	<p>Project office</p> <ul style="list-style-type: none"> <li>• Check with the project management team as to whether the circumstances are favourable for implementing the MA&amp;D process at this time.</li> </ul>
	<p>Project office and project site:</p> <ul style="list-style-type: none"> <li>• Study training documents (process map and FFG MA&amp;D Introduction Module and Phase 1).</li> <li>• Request and study the national overviews and surveys results carried out at the regional level and collect additional information as needed to clarify the project context and any limits within which you will have to operate.</li> <li>• Prepare tools for field work, including:                             <ul style="list-style-type: none"> <li>– a list of existing resources and products in the region;</li> <li>– a list of possible sources of capital for small entrepreneurs;</li> <li>– a list of the main rules and regulations influencing access to the resource and the production, processing, transportation and trade of forest products in the country and region;</li> <li>– a list of the possible legal statutes relevant to small rural entrepreneurs in the country and region.</li> </ul> </li> <li>• Clarify the limits of project enterprise development support.</li> <li>• Prepare your work-plan for implementing Phase 1.</li> </ul>



## Tool 17 – Checklist to ensure that the MA&D process can be implemented successfully

Consider these two questions:

- Do the minimal requirements for initiating support to enterprise development exist?
- Have the preparatory activities been conducted to ensure that the project is ready for field implementation?

A lack of preparation (see Tool 16 for a reminder of the preparatory activities) may lead to complications or even the failure of the MA&D process.

<b>Do not start implementing MA&amp;D if</b>	Provincial, district administrative institutions or political authorities do not support the project.
	The partners involved in the project do not agree with its objective of supporting enterprise development or are reluctant to use MA&D as the main planning and implementation methodology.
	There are not sufficient human resources for the tasks required.
	The enterprises need to be established within a very short time frame.
	Natural resources are scarce or the villagers don't have access to them.
	The partner organizations are less interested in the social and ecological aspects than in the economic and/or technological aspects of the enterprises.
	The local population is resistant to tree and forest-based enterprise development.
	The local government or non-governmental organizations do not want or are unable to support this type of initiative.
	The partner organizations has already decided what type of businesses to support.
	The project team is unaware of the market demand/ situation of the concerned resources and product subsector.
	The project team did not provide a budget for helping entrepreneurs to start operating their enterprises.
	The project team has not defined a strategy for financing initial capital needs of the enterprises.



## Tool 18 – Reminder of the key preliminary activities that should be completed before a project is initiated

<p><b>Ensure that the following activities have been completed</b></p>	<p>Realistic objectives have been set especially in terms of your intervention area within the selected site and target group.</p>
	<p>The project team members have been identified, they know the MA&amp;D process and your relations with them are clear.</p>
	<p>The relevant portions of the guidelines have been translated into the local language.</p>
	<p>Government and non-government implementing partners have realistic expectations of the MA&amp;D process and have established clear commitments on their contributions.</p>
	<p>Awareness raising meeting have been held for community leaders and members at project sites so that they know about the project.</p>
	<p>A project strategy has been defined.</p>
	<p>Monitoring and evaluation guidelines have been developed.</p>
	<p>The project has established a strategy for training facilitators in MA&amp;D.</p>
	<p>The MA&amp;D activities have been integrated into the work plan and the budget of the project and there are sufficient resources (time, transportation and incentives) to implement the MA&amp;D process.</p>



## Tool 19 – Getting ready for the successful implementation of the MA&D process

To be able to follow these guidelines you will need background knowledge about the MA&D process as well as basic facilitation skills. In that respect, your supervisor and the team organizing the training sessions have important roles to play.

<b>Your supervisor and the organizing team should</b>	Organize a facilitator training session on MA&D Phase 1 to explain the content as well as instructions on using the field guidelines.
	Give you adequate time to read the MA&D Manual and the field guidelines in order to obtain a clear understanding of the basic concepts and operating principles behind the MA&D process.
	Give you adequate time to read the survey report concerning the opportunities and constraints for enterprise development in the region, the service providers, livelihoods strategies in the selected sites and the potential resources and products available.
	Give you adequate time to read the overview documents concerning market demand, key stakeholders and service delivery organizations, and the legal and institutional context of the project.
	Hold short training sessions if needed on facilitation concerned with data collection and analysis.





## Tool 20 – Tasks of the facilitator throughout the MA&D process

<b>As a facilitator you will</b>	Introduce the project to key stakeholders, community leaders, representatives of existing communitybased organizations and representatives of organizations already active in the community.
	Collaborate with the project management team and involve them in activities such as identifying potential entrepreneurs, or encouraging the participation of members in disadvantaged groups.
	Strive to align directives of support organizations in order to avoid different interest rates for loans or daily allowances for training participants.
	Ensure that the weakest target groups are not marginalized during the process (unless the project targets specific communities).
	Explore how to link-up with microfinance groups existing in the community or other local area loan (or grant) funding mechanisms.
	Assist the target group members to identify, plan and start operate their small enterprises.
	Prepare questionnaire formats and train future entrepreneurs to gather and analyse information as well as principles of monitoring and evaluation (M&E).
	Help organize MA&D workshops, ensuring that the timing and location permits good attendance of target group representatives.
	Encourage the establishment of interest groups of entrepreneurs around particular products.
	Develop mechanisms to ensure that market information is shared with all concerned entrepreneurs.
	Be aware when conflicts emerge and facilitate dialogue to reach resolutions.
	Explore ways of to establish sustainable links between future entrepreneurs and service providers.
	Ensure that consultants conducting surveys in the community also develop the capacity of the entrepreneurs and present a summary of their findings to community representatives.
	Develop mechanisms for the community to store and display the information generated by the MA&D process, such as workshop materials, consultant reports, photos, video, etc.

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<b>As a facilitator you will</b>	Provide coaching and encouragement to future entrepreneurs in order to give them confidence to start their pilot enterprises.
	Document challenges that take place during the project and the corresponding solutions that have been found to overcome them.

Assess whether you have the following characteristics and, if not, ask your organization to assist you in refining your skills during the preparatory phase of MA&D.

<b>Ask yourself the following questions</b>	Do you have experience with working in the field and do you enjoy working under field conditions?
	Can you gain acceptance and respect from communities?
	Are you knowledgeable about the local culture at the project site (including local languages)?
	Are you gender sensitive?
	Can you do simple calculations?
	Are you literate?
	Do you have experience in record-keeping?
	Can you take initiatives to move a process along and build links with other actors?
	Do you have experience in facilitating participatory processes?
	Do you have experience with rapid rural appraisal or participatory rural appraisal?
	Can you strengthen groups?
	Do you have basic business experience?

## MA&D glossary

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

### **Actors: direct and indirect actors**

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

### **Baseline survey**

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

### **Break-even point**

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

### **Cash flow**

Detailed record of monies received and paid by the enterprise.

### **Central government institutions staff and MA&D**

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

### **Competitor**

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

### **Consumer**

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

### **Contract**

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

## **Customer**

A person, firm or institution that buys a product.

## **Demand**

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

## **Depreciation**

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

## **Distribution channel**

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

## **Diversification**

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

## **Entrepreneur**

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

## **Enterprise Development Plan (EDP)**

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

## **Equity**

The money invested in a business by its owners.

## **Evaluation**

Evaluation determines how successful a project has been in meeting its objectives and measures the impact of project activities. Evaluation starts from the beginning of a project with a baseline survey. Interim monitoring is carried out throughout the course of project implementation. At the close of a project, data is collected through an

end-of-project survey. A comparison is made between the baseline survey and the data collected at the conclusion of the project. The results of the comparison, coupled with the interim monitoring data, allow for an evaluation of the overall project to be carried out.

## **Facilitator**

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

## **Feasibility study**

The systematic investigation of a potential product or process to check whether the enterprise will be feasible and provide the expected benefits. Phase 2 of MA&D includes a feasibility study.

## **Financial service provider**

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

## **Five areas of enterprise development**

Five areas of enterprise development:

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

## **Fixed costs**

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

## **Grant**

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

## **Investment**

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

## **Ledger**

Book of record containing the summary of financial information.

## **Loan**

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

## **Local government institutions and MA&D**

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

## **MA&D expert**

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

## **Market**

A location where goods are sold. A market is also a network of transactions between people who want to buy a product or service and the individuals who have the corresponding resource or product to offer. There is a large diversity of markets: markets for raw materials (such as dried rhizomes for the perfume industry), markets for semi-processed goods (such as essential oils for the food industry), and markets for finished products (such as woven natural fibre napkins). Markets can be local, regional, national or international.

## **Market chain**

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

## **Market or business environment**

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

## **Marketing**

A comprehensive approach to designing a product, delivering it on time and at the right price to meet customers' needs. Marketing includes the production, the processing, the promotion, the distribution and finally the sale of a product.

## **Marketing mix / 5Ps**

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

## **Marketplace**

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

## **Market system**

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

## **Market research/survey**

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

## **Market size**

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

## **Monitoring**

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

## **NGO staff and MA&D**

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

## **Non-wood forest products (NWFPs)**

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

## **Product**

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

## **Profitability**

The enterprise income excluding the expenses.

**Procurement**

Purchase from suppliers.

**Production planning**

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

**Product development**

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

**Promotion**

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

**Resources**

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

**Revenue**

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

**Savings**

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

**Selling**

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

**Service provider**

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

**Timber products**

Timber products are woody tree products, including industrial wood (sawn and felled timber woody raw timber, subsequently transformed, and derivative products as well as wood chips), fuel wood, charcoal, and small diameter posts and poles.

**Traders**

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



## **Tree and forest products**

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

## **Value addition**

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

## **Value chain**

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

## **Value chain analysis**

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

## **Variable costs**

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

**FOR FURTHER INFORMATION, PLEASE CONTACT:**

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