
Discussion paper

***Forest-based associations
as drivers for sustainable
development in Uganda***

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Small and medium forestry enterprises for poverty reduction and sustainability

Most international attention in forestry has been given to improving the conditions for large-scale or micro-scale forestry, and much less to the 'messy middle' – which produces a high proportion of forest products and involves huge numbers of people. Ways need to be found by which small and medium-scale forestry enterprises (SMFEs) can better contribute to reducing poverty and improving the prospects for sustainability.

IIED, with partners in Uganda, South Africa, India, Brazil, Guyana and China have been investigating these issues. Country diagnostics show that the SMFE sector is of major significance for livelihoods in these countries – the net effect of myriad small players represents a substantial part of local economies. Yet, these are largely invisible economies, and policy and programme developments almost completely ignore the SMFE sector. Raising the sector's visibility such that its impacts can be better assessed, and then going on to explore how the positive links to sustainability, livelihoods and poverty-reduction can be enhanced, is a major challenge to which this initiative seeks to rise.

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Acronyms and abbreviations

ADC	Agro-business Development Centre
AFRENA	Agro Forestry Research Network
ASPS	Agricultural Sector Programme Support
AWF	African Wildlife Foundation
BINP	Bwindi Impenetrable National Park
BUCODO	Budongo Community Development Organization
BUDS	Business Uganda Development Scheme
BUYODA	Bungokho Youth Development Association
CARE	Cooperative Agency for Relief and Environment
CBO	Community-Based Organisation
CERUDEB	Centenary Rural Development Bank
CFM	Collaborative Forest Management
COVOL	Cooperative Office for Voluntary organizations of Uganda
CPAC	Community Protected Area Committee
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
ECOTRUST	Environmental Conservation Trust of Uganda
EMPAFORM	Empowerment for Participatory Forest Management (CARE project)
FAL	Functional Adult Literacy
FAO	Food and Agriculture Organisation
FID	Forestry Inspection Division (under MWLE)
FINCA	Foundation for International Community Assistance
FRMCP	Forest Resource Management and Conservation Programme
GDP	Gross Domestic Product
GEF	Global Environment Facility
GoU	Government of Uganda
GTZ	German Development Agency
HIV/AIDS	Human Immune Virus/Acquired Immune Deficiency Syndrome
ICRAF	International Centre for Research in Agroforestry
IDEA	Investment in Developing Export Agriculture
IDP	Internally Displaced Persons
IGCP	International Gorilla Conservation Programme
IIED	International Institute for Environment and Development
ILO	International Labour Organisation
ITFC	Institute of Tropical Forest Conservation
IUCN	The World Conservation Union
KMRDA	Kamusiime Memorial Rural Development Association
LC	Local Council
MBADIFA	Mbarara District Farmers Association
MDG	Millennium Development Goal
MFI	Micro Finance Institutions
MIT	Ministry of Industry and Technology
MODET	Mpigi Women Development Trust
MoFPED	Ministry of Finance, Planning and Economic Development
MoU	Memorandum of Understanding
MSENC	Micro and Small scale Enterprise National Corodination Committee
MSEPU	Micro and Small scale Enterprise Policy Unit
MSME	Micro, Small and Medium Enterprise

MTCS	Medium Term Competitiveness Strategy
MUCODINET	Muyekhe Community Development Initiative Network
MWLE	Ministry of Water, Lands and Environment
NAADS	National Agricultural Advisory Services
NAC	Nakasongola Apiculture Centre
NACAWIDA	Nyakibale Catholic Widows Association
NACOPRA	Nature Conservation and Promotion Association
NAHIFA	Nabumali High Quality Farmers' Association
NCUSBO	National Council of Small Business Organisations
NEMA	National Environment Management Authority
NEPAD	New Partnership for Africa's Development
NFA	National Forestry Authority
NGO	Non-Governmental Organisation
NTFP	Non Timber Forest Products
NUSAF	Northern Uganda Social Action Fund
NUSPA	Northern Uganda Sheabutter Producers' Association
NYAWOFA	Nyabubare Women Farmers Association
OAU	Organisation of African Unity
PEAP	Poverty Eradication Action Plan
PFE	Permanent Forestry Enterprise
PMA	Plan for the Modernisation of Agriculture.
PSD/MSEPU	Private Sector Development/Micro & Small Enterprises Policy Unit
PSFU	Private Sector Foundation (Uganda)
SAIMMCO	Soroti Agriculture Implements and Machinery Manufacturing Company Ltd
SAWEMA	Saala Wetland Management Association
SGP	Small Grants Programme
SIDA	Swedish International Development Agency
SME	Small and Medium Enterprise
SPGS	Sawlog Production Grant Scheme (EU funded)
SWAGEN	Support for Women in Agriculture and Environment
THETA	The Traditional and Modern Practitioners Together Against Aids
UCOTA	Uganda Community Tourism Association
UCTF & SA	Uganda Commercial Tree Farmers and Sawmillers Association
UFIDA	Uganda Forest Industries Development Association
UGADEV	Uganda Development Bank Ltd
UHA	Uganda Honey Association
UIA	Uganda Investment Authority
UMA	Uganda Manufacturers' Association
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNIDO	United Nations Industrial Development Organisation
UP3	Uganda Public-Private Partnership
USAID	United States Agency for International Development
UWA	Uganda Wildlife Authority
WB	World Bank
WELD	Wildlife Enterprise for Local Development

Executive summary

Small and medium enterprises (SMEs) are important to sustainable development. They provide 90% of Uganda's off-farm employment and over 20% of total employment, link with multinationals and transform economies, and produce over 20% of GDP. But recognition of their importance is not found equally across all sectors. In some situations, they are seen only as last resort options for the poor. This is particularly true in the forestry sector in Uganda. Encouragingly, there is evidence that Ugandan institutions and donors are beginning to see the relevance of SMEs and their associations, and SMEs are seen as a 'sector' in their own right. There is hope that this trend will extend to forest-based SMEs and their associations too. It is critical therefore that policy makers, practitioners and supporters of SMEs and their associations understand how these institutions are functionally organised and governed, and how they can constructively engage in pro-poor development strategies. This study seeks to provide such insights.

The study is structured into six chapters. Chapter 1 introduces the policy context of SMEs and their associations in Uganda and the conceptual framework for the study.

Chapter 2 reviews the literature, tries to better define the key terminology used in the study, and assesses the importance of associations.

Chapter 3 describes the methodologies and sampling strategy used for the data collection from a diverse cross section of forestry associations in the field.

Chapter 4 presents the key findings of the field survey, sub-divided into four sections examining the cohesiveness, resilience, equity and support within forest resource based SME associations, respectively. The aim was to improve the understanding of the nature of association, and how such associations can work for the poor.

Chapter 5 provides some further analysis of SMEs and their associations in Uganda, in particular looking at why so many SMEs actually do not associate, notably in the more commercial arenas of the forest sector. This provides insights to the challenges faced in taking the concept and benefits of association beyond the traditional 'community-based association' which are so widespread in Uganda. It also explores the relevance of associations to poverty alleviation in the context of stated policies – how they contribute not only to human development and social empowerment (which they do well) but also to economic development in a competitive market context (which they are often not very good at).

Chapter 6 provides some recommendations based on the key findings of the study that could form the basis for future intervention and more in-depth studies, and some concluding remarks.

Uganda does not have widely accepted standards by which it classifies an enterprise as micro, small, medium or large. The dividing line between 'enterprises' and subsistence activities is also blurred. Thus many of the associations reviewed in this study are in fact rural community-based organisations or 'associations' that provide their members (86% of whom are individuals) primarily with social security, or self-help objectives, rather than entrepreneurial advancement. This presents a challenge for work that seeks to compare associations of micro and SMEs with larger enterprise

associations. It also introduces difficulties in understanding how enterprises graduate from one level to another, and what factors account for the graduation or stagnation or failure. However, the emerging policy framework indicates that definitions are taking shape. We recommend more widespread consistency in such definitions within Uganda and chose to define SMEs here as enterprises with less than 100 employees (aware that the vast majority have much fewer). This study draws on a survey of 62 forest-based associations in Uganda.

Within Uganda, forest-based associations are spread across five broad categories of activities, which in order of numerical importance are:

- forest production,
- primary processing,
- forestry-based service delivery,
- secondary processing, and
- forestry-based services such as tourism.

Tree planting and agro-forestry have dominated the list because conservation NGOs have had a long history of support to these interventions – in part because poles and fuel wood meet some of the basic needs of rural communities. In some places, tree planting is linked to other area-based economic activities. For example, Arua is a tobacco-growing district where fuel wood is needed to cure tobacco, thus creating a big market for fuel wood. In this area, all the small fuel wood associations we came across were patronised by either the youth or women – one example of how association can strengthen the role of marginalised groups, excluded from the main revenue generating activity, tobacco.

In terms of legal status, 82% of the associations were formal, registering at national or district level. An important driver for formality was the status of legal personality allowing them to be contracted or contract in their own names. Our survey found 74% of the associations operating in rural areas. In addition, 70% of the associations were founded with the intention to galvanise collective self-help. The remainder (30%) were externally influenced either by government or donors and benefited from the latter's programmes but also pursued the interests of their members.

A unique feature of the Ugandan context is the strong negative reaction towards the cooperative mode of institution mainly because Government sponsored cooperatives had a bad history of failures in the mid 1980s.

In terms of association cohesion, this study found four main categories of motivations to form associations. Motivations include the desire:

- to pool resources (human, material, financial, etc.) for development;
- to share ideas and knowledge;
- to satisfy the requirements to access external assistance; and
- to strengthen their collective voice.

Additional motivations include: the desire to broaden partnerships, employment generation and market access. To the extent that individual members anticipate benefits associated with all the above motivations, they remain bonded to their associations.

A substantial proportion (65%) of the leaders interviewed were also involved in other, primarily community-based associations, many of which were not involved in forestry-related activities. Many (71%) of these leaders had other occupations, and were only providing on average 30% of their time to association affairs. This affects the focus and growth of associations both positively (bringing experience to the role) and negatively (reducing the amount that can be achieved).

There are several additional factors that sustain cohesion within associations. Flexibility is a critical ingredient: making flexible choices about what they can do to meet members' growing and changing needs. Associations were commonly found to be engaged in several non-forest based activities such as health, savings and credit schemes, animal husbandry, fish farming, water and sanitation and education activities. This reflects the multiple coping strategies through which associations work towards poverty eradication.

Respect and trust towards founding members is another key ingredient. The survey showed the great extent to which association members still have respect for their charismatic founding members. The fact that 70% of founding members were found still active helps to explain the continuity of these associations.

Success in meeting expectations is an additional ingredient for association cohesion. It was found that 90% of the associations have been able to meet members' expectations and/or contribute to the improvement of their welfare in some way. The expectations included broadening income generating activities, providing financial or in-kind support, broadening opportunities for partnerships and networking, access to information, improvement of food security and training. In some cases benefits have not yet been realised – for example, longer investments from which members yet look forward to returns.

Irrespective of whether they are formal or informal, SME associations were found with some basic rules of governance – although these tend only to be expressly defined in formal ones.

In terms of resilience, each association has its own system of governance. Part of this system is the hierarchical definition of decision-making. The highest-level decision-making bodies within associations are general assemblies, which set broad policy directions usually initiated by the executive leaders. Executives are also involved in the day-to-day running of associations including planning, implementing and monitoring the programmes. Individual members participate in the election of their leaders, at an annual general assembly or meeting. It is important to note that a minimum quorum for business decisions is a requirement in almost all (97%) of the associations.

Associations set tenure limits for their leaders, with 51% setting 1-2 years, 40% setting 3-4 years and 9% setting 5-6 years. As many as 68% of the leaders had been elected in the last two years, suggesting that these procedures function well.

For unexpected events, 95% of the associations have provisions to call for extraordinary meetings. Examples include the need to discipline members, consult on new opportunities or challenges, plan to host important events or visitors, distribute inputs and discuss government policies.

Conflict resolution mechanisms are also critical. For any large group, internal conflict is inevitable. Within their rules of governance, associations differ in the approaches they have prescribed for conflict resolution, but with the majority preferring the use of meetings. In only a few (11%) of the associations did we find a history of conflict management, implying that for the majority, there has been relative stability.

The most important ingredients for the continued resilience of an association include:

- the commitment of members through the existing decision-making structures;
- availability of human and financial resources to keep activities going;
- social unity and partnership (i.e. conflict resolution); and
- exemplary management from the association leaders.

Key external factors that reduced the resilience of associations include: a lack of external support; internal jealousies and conflict; disabling government policies and political interference.

In terms of equity with which costs and benefits of membership were shared, most associations were open-ended. Only a few restricted membership by age (34%), geographical area (40%), productive activity (37%) or gender (8%). Only a small percentage (34%) of associations imposed a membership fee, but these tended to be self-help associations with little external support.

87% of respondents indicated that they were better off through membership on account of: receipt of training (33%), sale of products (25%), employment (27%), secure land tenure (7%), pride in being considered a role model for others (10%), and freedom to express their concerns (5%).

In terms of gender, most associations tend to have fewer women (44%) in positions of leadership (with the obvious exception of women's associations) even though they account for 53% of the overall membership. On the other hand, the majority of founding members (61%) were women. This highlights the role of women in mobilising and achieving social cohesion within rural communities, pointing to the need for greater equity in the management of associations.

From the findings of the study, it was revealed that 75% of the associations did not have salaried staff working for them on day-to-day basis, which reveals the continuing strength of voluntarism that underpins association work – in part maintaining the equity within them. Equity within associations was also found to be strengthened by criteria related to eligibility for entry and continued membership, which members have to equally comply with.

Support to SME associations has been varied, including policy framework, technologies, finance, training and information. The review of the policy context shows a great many national level policy statements and sectoral plans that support SMEs and encourage communities, farmers, and businesses to form groups, clusters, and associations, but the implementation of these plans is not uniform. The Plan for the Modernisation of Agriculture focuses development assistance on farmers' groups but has very rarely supported them to implement farm forestry activities. The National Forest Plan, while comprehensive in its design, has very limited funding support for its implementation. This study recommends that forestry SMEs need to familiarise themselves with the other channels of support to SMEs, such as the Medium Term

Competitiveness Strategy and demand services in the same way that other businesses do, irrespective of the sector in which they function.

All in all, the actual support received by SME associations has been found instrumental in broadening opportunities for poverty reduction. However, one problem is that the support is not consistent for SME associations. For example, most respondents viewed favourably the policies governing registration of associations and the policies giving tax exemptions on agriculture imports. But other policies were viewed less positively. For example the policy requiring permits for harvesting trees on private land requires little to no money, but a great deal of time and effort.

In addition to the varied support coming from government and NGOs for specific activities, certain associations also provide support in their field of expertise. For example the Uganda Bee-Keepers Association supports a number of associations nationwide.

The type of support most frequently received by associations includes:

- technical assistance (42%),
- financing (30%), and
- hardware and materials (21%).

With regard to technical assistance, this came primarily in the form of agricultural support, environmental conservation or collaborative forest management.

There are many areas where association members feel the need for greater support, mostly with regard to policy awareness programmes (31%), inclusion of forestry as a fundable activity to micro-credit programmes (14%) and simplification of tax regimes (12%).

Further analysis, beyond that of the statistics compiled from the field surveys, identified much less tendency to associate in the more commercial arenas of forestry, and analysed some of the reasons for this. Key among them is that commercial operators do not benefit from traditional social ties and are more obviously in competition with each other. Mutual trust is lacking. Few see the value of association, given the lack of standards in the forest sector that require mutual effort to achieve.

From these observations, we also noted that there are some substantial differences between types of association (most obviously those that are community-based and socially oriented and those that are more commercially oriented).

This distinction has important implications, in particular the need to build capacity for equitable and professional management of associations as they become more and more commercial. It also means that community-based business associations have a competitive advantage over business associations with socially diverse backgrounds, if only they can gain a foothold in the commercial sectors. Three shining examples include: (i) the Kamusiime Memorial Rural Development Association (KMRDA) who have succeeded in accessing EC grants for establishment of commercial timber plantations, in which they are performing better than many of their competitors; (ii) the Uganda Bee-Keepers Association and (iii) the Arua fuelwood growers – highlighted above. It is notable that each of these associations has a very clear focus.

This study identified nine key traits for success:

- selfless leadership,
- integrity and honesty,
- corporate structures grow to keep up with expansion of the organisation,
- financial discipline,
- clear focus,
- democracy and succession planning,
- tangible benefits of membership,
- managing visibility (the identity of the organisation being more important than that of the individuals within it),
- the association retains independence from external bodies, and avoids developing a 'dependency syndrome'.

In the light of these findings, the study recommends a set of potential interventions that can be summarised as:

- building these findings into the forthcoming SME Development Policy;
- providing training and capacity building to existing associations;
- linking existing forestry associations to programmes and service providers for capacity building;
- using tools to form and build capacity of more commercially oriented forestry SMEs;
- linking SMEs to commercial partners and supporting organisations that can help them build new products and link them to new markets;
- organising and assisting producer SMEs to give them stronger bargaining power and to gather and share market information;
- advising forestry SMEs to understand the importance of grouping to access external finance;
- lobbying banks and MFIs to understand and support forestry investments;
- exploring the potential of associations and standards to ensure that SMEs look after the welfare of their employees;
- bringing forestry SME associations together to explore the potential for establishing one or more umbrella associations in key sub-sectors (tree planting, charcoal production, timber harvesting, forest product processing).

1. Background

1.1 Introduction to the study

1.1.1 The general importance of small and medium enterprise

The global importance of forest-based small and medium enterprise (SME) associations has been highlighted by the United Nations Millennium Project (Melnick *et al.*, 2005). Among the 10 key recommendations for achieving Millennium Development Goal MDG 7 (ensuring environmental sustainability) is the following statement (Melnick *et al.*, 2004):

“Increase real income in informal forest sector activities by at least 200% by harnessing the entrepreneurial spirit of informal harvesters and users of forest products, through outreach from government agencies, civil society organisations and certification organisations; rationalising institutional and regulatory frameworks; and creating incentives for conservation and sustainable management”.

The three key objectives of Uganda’s National Forest Plan correspond closely with the above recommendation. The Ugandan government, through the Poverty Eradication Action Plan (PEAP),¹ reports that agriculture employed 69% of the national population in 2003, but that SMEs provide 12% and 40% of employment in rural and urban areas respectively. In their statistical analysis, it is clear that traditional farming is not considered to be an SME. The enterprises the PEAP lists under this definition are “retail trade, agro-processing and other services, including food and drink industry.” In most other countries, SMEs (<100 employees) usually make up 50-90% of employment.

SMEs can provide many opportunities for poverty reduction. Uganda has an estimated 800,000 micro and small-scale enterprises, which employ about 90% of the non-farming workforce. The majority of enterprises in Uganda fall within this category: 80% of Uganda Manufacturers Association members and 90% of Private Sector Foundation members are SMEs.

The PEAP, and most government officials interviewed, view such enterprises as the route out of rural poverty, which in many ways is typified by subsistence agriculture. 96% of Uganda’s poor are still found in rural areas. Accordingly, PEAP has set itself to “develop a cost-effective way of delivering services to them, particularly for business development skills and will review the method of taxation used” (MoFPED, 2004: xix).

1.1.2 Forest-dependent small and medium enterprises

Specifically in forestry sector, the Uganda Government has asserted that “the key to poverty alleviation and sustainable forest management lies with those stakeholder groups that are involved in production, utilisation and processing of forest produce” (Uganda Forest Sector Coordination Secretariat, 2001). Further, government priority actions for PEAP include the establishment of a National Tree Fund to help

¹ In other countries this is equivalent of Poverty Reduction Strategy Papers (PRSPs).

communities access resources for tree planting, the review of tax and other incentives, the development of a market for ecological services such as carbon trading in the global market place² and implementation of the National Forest Plan. Despite such progress and proposed actions, the question still remains:

“How might forest-based SMEs be functionally organised (as associations) and governed so as to become viable institutions that can engage in pro-poor development strategies?”

To answer this question, this study was conceived and carried out in Uganda from April to September 2005. The study forms part of a multi-country initiative to identify how best to support useful forest-based SME associations. Other partner countries include Brazil, India, China, Guyana and South Africa.

A common framework was adopted to elicit comparable information from each of the six countries. The six national studies all sought to confirm or reject four research hypotheses:

- **Cohesion** – Association functionality is dependent on particular strong mutual aspirations.
- **Resilience** – Association functionality is dependent on the credibility and legitimacy of different types of decision-making processes and association governance.
- **Equity** – Association functionality is dependent on the extent and adequacy of representation of different interest groups including gender representation and the distribution of benefits of membership.
- **Support** – Association functionality is dependent on the degree to which policies and institutions are supportive.

1.2 Rationale

The purpose of the study was to improve the understanding of how forest resource-based SME associations can work for the poor. The rationale was founded on initial findings from earlier studies, one of which was carried out in Uganda (Auren & Krassowska, 2004). The findings of this report in Box 1 clearly point out the disorganisation of the sector and resulting lack of collective strength, and lack of innovation and skills for new product and market development.

Further, SMEs are often under-represented in national planning and decision-making processes for poverty eradication. Some of the reasons include the diversity of activities they engage in, the informal status of some, and high transaction costs of relating to them by government extension agents and grant-making bodies. The fact that they are many and have survived and continue to serve the poor challenges the policy makers to find out how the transaction costs of working with them can be lowered, and how a long term vision of engaging them for development can be nurtured.

² This would be in line with the Kyoto Protocol.

Box 1. Initial findings of SME associations in forestry in Uganda, 2004

The most important constraints identified by SMEs in the forest sector are: fragmentation of the sector and resulting lack of cooperation (and collective strength), weak linkages and lack of association and networking among forestry SMEs. At the national level, the failure of SMEs to cluster, organise or link up effectively is resulting in lost opportunities in policy advocacy, product development, sharing market information, expanding to new markets, developing market standards and taking advantage of training and support offered by government or donor funded initiatives.

At the District level, the few examples identified, such as Pitsawyers Associations, remain limited and members “continue to operate in direct competition and have been characterised more by internal conflicts and mutual distrust than collaboration, thus further weakening such associations”. The nature of competition for natural resources characterising most *de facto* open access resources is seen to be driving this. Power and access to information and forest resources play a fundamental hand in the competition amongst SMFEs, perpetuating the secrecy and fragmentation characterising the forest sector as a whole, relative to other sectors, which are more organised and cooperative.

However, at the local level, the study found “a wealth of organisational structures and forms that are based on family ties, clan, lineage, proximity or ethnic groupings. These groups can be viable forums through which government can begin to engage with rural communities”.

In conclusion, the lack of dynamic development of the forestry sector in Uganda is seen both as the cause and the consequence of the disorganised nature of its key players. It is recommended that supporting better organisation of the sector be the priority area of support, as fragmentation underlies most other factors affecting forestry SMEs.

For several of these associations, the focus is more on collective responsibility than individual competition. They accommodate marginalised minorities and gender needs. The social capital embodied by associations is a necessary antidote to the disadvantages of scale effects and social and political marginalisation. The study’s rationale is therefore to empower policy makers and SME practitioners with information and knowledge. With this they can identify and implement effective, equitable and sustainable support for forest-based SME associations.

1.3 Ugandan policy context

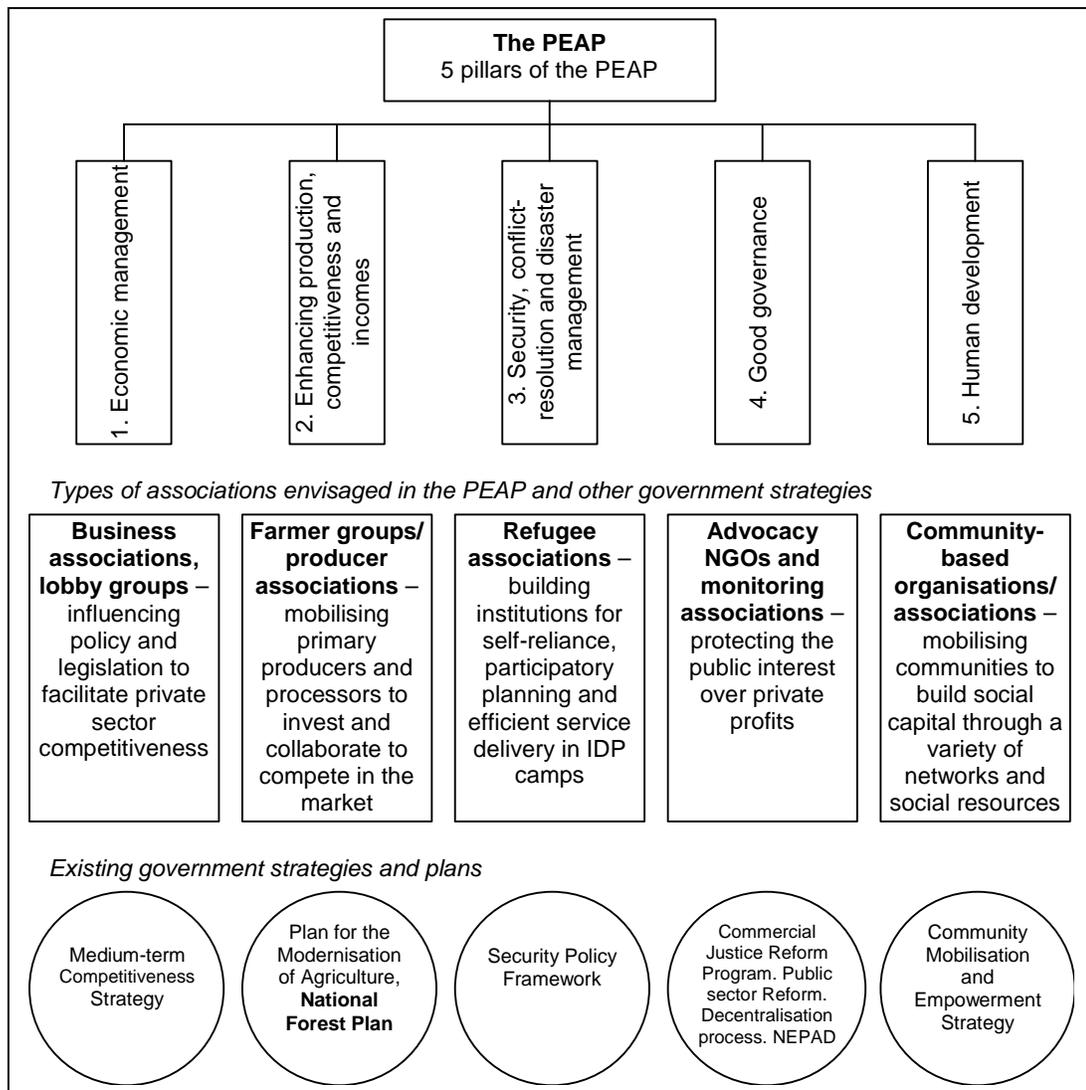
The study is informed by a number of distinct policy areas within Uganda. The following review of the key policies necessarily goes well beyond forest policy and legislation, as SMEs are typically operating in a much broader development policy context. Key resources for SME development are not being channelled through the forest sector but instead through the agricultural and SME sectors.

1.3.1 The Poverty Eradication Action Plan

The PEAP highlights the importance of overcoming the constraints to the development and flourishing of profitable Ugandan enterprise that can increase their share of the market, both domestic and external, and meet the needs of consumers. It envisages equitable growth and poverty reduction through export-led growth and job creation.

The PEAP is implemented primarily through the Plan for the Modernisation of Agriculture (PMA) and the Medium Term Competitiveness Strategy (MTCS). Both make key policy statements relating to SMEs, community-based organisations, and business associations, and outline components of intervention to strengthen them. The PEAP has five 'pillars' under which we have placed various distinct types of association, depending on their aims and level of intervention. Figure 1 illustrates how the various types of associations reviewed in this study link with the key development processes in the country. It helps to identify where, in the arsenal of government programmes, one can expect to seek guidance and support.

Figure 1. The five pillars of the PEAP and how associations relate to them



Source: adapted from MoFPED (2004).

1.3.2 The Plan for the Modernisation of Agriculture

The PMA focuses on agricultural modernisation and commercialisation by addressing multi-sectoral constraints affecting agriculture. The PMA focuses particular attention to ensure that the needs of poor small-scale farmers are fully addressed. However, statistics on micro and small enterprises (MSEs) appear to explicitly exclude farmers, and in the minds of most policy analysts and public service employees outside the agricultural sector, farming is often used to epitomise the poverty from which they hope that MSEs will provide some escape.

The National Agricultural Advisory Service (NAADS) emphasises farmers' groups as the conduit for the provision of advisory services, agricultural inputs and finance, assisting farmers to move towards commercial enterprise. The same NAADS was envisaged to serve community groups interested in forestry enterprises. There is much to learn from the progress made in addressing forestry enterprise constraints under the PMA and NAADS although the scope of this particular study does not allow such an in-depth comparison.

Prepared in 1999, the PMA observes that at the time, "farmers' organisations with a national outlook are parochial in nature and none can be used as the basis for aggregating the diverse farmer types and interest". It also concluded that there were "no effective grassroots/village-based, commercially oriented institutions capable of mobilising the production capacity of small producers for the production of income-generating commodities. The cooperative movement and other farmers' organisations are yet to be empowered, moved away from political hegemony, donor dependency and be allowed to operate independently and on a commercial basis." This is the background against which any rural organisations (forestry-based or not) evolved (Box 2).

Box 2. Farmer Institutional Development under the PMA

The PMA envisaged that achievement of the desired reforms in the delivery of agricultural advisory services would require new institutions at farmer, sub-county, district and national levels. Farmer participation is rooted in village level farmer common interest groups, which form the building bricks for a hierarchy of federated farmer fora. Grassroot farmer common interest groups are formed by the farmers themselves along lines that may, among other things, reflect special interests, gender and farmer type.

The NAADS aimed to spearhead the formation of all-embracing farmers' fora bringing together the variously constituted farmer groups at village, parish, sub-county, district, zonal and national levels. In line with the desire to deepen decentralisation, democratisation and sustainability, the formation of this institutional structure was planned not to be prescriptive from the top but, rather, aggregative from the bottom. Hence the role of the NAAS in the institutional development at the farmer level was envisaged to be, initially, to facilitate the farmers' grassroot group-formation initiatives and, subsequently, the formation of coalitions of the groups into the co-ordinating fora for the functions of the farmers. This implies a strong role for the NAADS in building the capacity of the farmers in agenda setting and the management of activities and resources.

Source: PMA (1999).

The PMA also recognised the key role of Civil Society (comprising NGOs, CBOs, individuals, unions, professional bodies and associations) in the promotion of effective and sustainable delivery of agricultural-related services. Recognising the importance of

national partnerships with NGOs and CBOs in the delivery of basic services, the government planned to:

- continue to support the empowerment of organisations, target women, youth and local communities, and also ensure their participation in agricultural modernisation;
- continue to involve NGOs, CBOs and the poor in the planning, implementing, financing and delivery of services especially at local levels of government;
- use public sector resources in building the capacity of the civil society, facilitating their participation in public sector activities and in contracting them in the delivery of public sector services.

The range of associations reviewed in this study cut across the rather neat definitions laid out in the PMA – some are typical farmers’ groups, others are CBOs and yet others are private associations.

1.3.3 The Medium Term Competitiveness Strategy

The Medium Term Competitiveness Strategy (MTCS) sees a competitive economy as the key to thriving businesses, with resulting spin-offs such as jobs, export earnings and personal incomes. It embodies a policy transition from poverty reduction to wealth creation. As such the MTCS contributes directly to Pillar 1 of the PEAP.

The immediate objective of the first phase of the MTCS (2000-2005) was “to support the private sector to become a powerful engine of growth and a central pillar for increasing incomes, and consequently poverty reduction, on a sustainable basis”. The strategy involved increasing productivity and profitability at firm levels by reducing the cost of doing business and creating an environment where private investment (especially MSMEs) became viable. The core concept of the strategy was the removal of the constraints that prevent Uganda’s private sector from being competitive in domestic, regional and international markets. In various forums, Ugandan businesses have reported a range of constraints as being most problematic for doing business, as summarised in Table 1:

Table 1. Key constraints to doing business in Uganda

Key constraints identified	Most constraining factors for doing business in Uganda reported by Ugandan businesses ⁽ⁱ⁾	Our survey of general constraints to operation (% of firms evaluating constraints as “major” or “very severe”) ⁽ⁱⁱ⁾
Access to financing	22%	45%
Cost of finance	Not reported	60%
Corruption	16%	38%
Tax rates	11%	48%
Inadequate infrastructure	8%	44% (electricity)
Government bureaucracy	7%	Not reported
Policy/macroeconomic instability	6%	45%
Tax regulations/administration	5%	36%

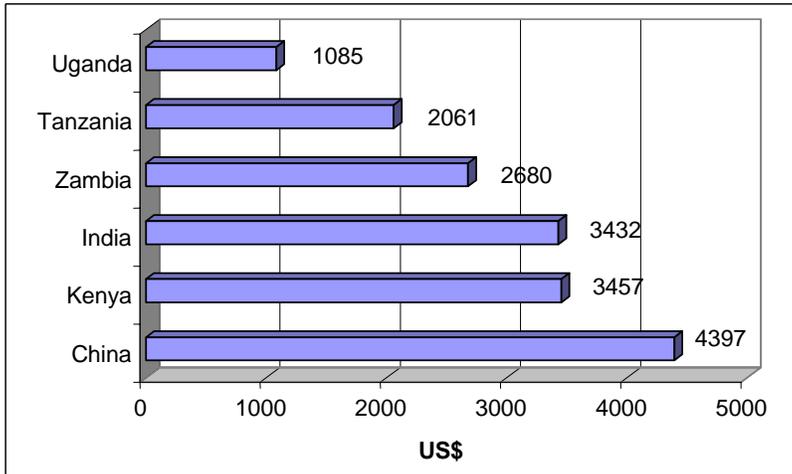
Source: (i) World Economic Forum and (ii) Investment Climate Assessment (2004), both quoted in MTCS (2005-2009).

Note: the % of firms citing a constraint (Column 2) differs from the % firms evaluating constraints as severe (Column 3) – what is relevant is the relative ranking.

The second phase of the MTCS (2005-2009) aims to disaggregate these constraints at sectoral/sub-sectoral levels and to come up with measures to address them.

In terms of labour productivity, Uganda lags far behind its regional and global competitors (see Figure 2). While acknowledging that there is a great deal of variation in labour productivity within Uganda, the WB (2004) identifies that the workforce employed in the micro and small scale enterprises have been measured as some of the least productive. This is one of the key challenges that Ugandan Micro and SME Associations must tackle, if their members are to remain globally competitive.

Figure 2. Productivity of labour by country – median value added by worker in US\$



Source: World Bank, 2004.

The MTCS also identifies the critical importance of reforms related to infrastructure, financial services access, and the regulatory environment for the Micro, Small- and Medium scale enterprises (MSMEs). As such, the strategy is to scale up the level of business support services for the MSMEs for them to be able to compete in a global setting. Capacity building for private sector institutions, commodity associations, farmer organisations and cooperatives is also seen as critical during the formative stage.

The MTCS explicitly recognises the importance of collaborative partnerships between government and the private sector (covering the business community and civil society) to remove bottlenecks to private sector growth and development. This strategy demands strong public-private sector dialogue, policy and legal reforms, targeted budgeting and the better implementation of public programmes. Again, the challenge is for effective associations to facilitate such partnerships for the private sector.

Uganda's revised MTCS (2005-2009) promotes a cluster approach to growth borrowed from the USA, where clusters are traditionally organised around an industry focus and geographic proximity. The forestry sub-sector is notably absent from the shortlist of leading growth areas within Uganda identified as focus clusters within the 1st phase of the MTCS, perhaps because for some decades, it has not been an export-oriented business. However, there is still scope to lobby for the sector's importance in local markets and development and recognition of forestry 'clusters' even if primarily serving local markets.

Box 3. Cluster approach to competitiveness

Growth Clusters are described as private sector-led groups of private and public sector entities (companies, suppliers, service providers, associated institutions, government agencies), which work collaboratively to set and achieve business targets. Proposed clusters in Uganda will be based on those sectors that are currently exporting or which have a strong export potential (such as coffee, cotton, fisheries, floriculture). Clusters have the following characteristics:

- They are private sector initiatives with private sector champions.
- They create viable and achievable market strategies for global competition.
- They use comprehensive business plans to support the cluster's strategy and implementation.
- Cluster strategies are characterised by strong private/public partnerships and the clear definition and commitment to roles within the strategy.
- The monitoring and reporting of results against targets is used to sustain the cluster's momentum.

Each firm and sub-sector is responsible for increasing its efficiency and innovating to improve its own position. The cluster approach supports these efforts and promotes competition, encourages inter-firm learning and cooperation, and establishes linkages throughout the industry and sub-sector. This subsequently improves service and product quality to raise competitiveness. Uganda's export strategy is now based on this approach.

With its strong emphasis on linkages, the cluster approach is particularly useful in helping small and medium sized firms to become more competitive. This assists the smaller informal businesses to link up with larger firms in the formal sector. Through technology transfer and innovation, this promotes growth and improved productivity. As these smaller firms make up the bulk of Uganda's business community, the raising of their contribution to national production, income growth and employment is the only way to achieve the MTCS goal of rapid and sustainable economic growth and structural transformation.

Source: Uganda's Medium Term Competitiveness Strategy (2005-2009).

As can be seen in Box 3, the concept of clusters currently being promoted by the MTCS is expected to meet many of the perceived benefits of association but with some significant differences:

- Clusters are more focused on designing and implementing a strategy, than the existence, or function of an institution *per se*.
- Clusters are not so caught up in the affairs and interests of the individual or group of similar enterprises, but in improving the overall environment of doing business for all its participants.
- Clusters are more vertically integrated, aiming to achieve partnerships between smaller informal business and larger firms in the formal sector.
- While initiated and championed by private sector, the cluster approach actively involves public sector bodies to achieve strong public-private partnerships to design and implement a strategy to achieve targets, rather than simply associations of synergistic enterprises "fighting their corner" in an increasingly competitive world.

In the view of the Executive Director, Enterprise Uganda, the cluster approach and that of promoting associations are self-reinforcing, but he concludes that clusters will fail without strong associations that can underpin cohesion of the target enterprises. In the absence of many effective SME associations in the commercial forestry sector in Uganda, this raises an important question for the future: "What balance should be found between initiating and developing SME associations *per se*, and the

development of a 'forest sector cluster' whose objective is to improve the overall environment for all players in the forestry sector?" Until such time as these clusters have evolved at sector and sub-sector level, the Private Sector Foundation, Uganda, is seen by government as the umbrella body representing the interests of the private sector.

A Uganda Public-Private Partnership (UP³) Action Fund is being created with donor assistance to support the dialogue between the partners and to help with the implementation of the action programme of priority activities. A key area of support will be "the strengthening of private sector business associations to become more efficient in their operation or to develop new services to assist their members as ways of reinforcing their role in the UP³ partnership arrangement".

The majority of SMEs and their associations reviewed in this study, and indeed most actors in the forest sector, appear largely unaware of these high level policy processes or the importance of both speaking the same language as the policy makers, and capturing their attention. This report therefore serves to highlight that the greatest support for the development of SMEs and the various levels of associations is being channelled through such mechanisms as the PMA, and the MTCS.

Engagement of the forest sector associations with such processes and their focal institutions is critical. These take place outside the traditional sector boundaries, but are key to accessing additional recognition, support, and financing from the mainstream national development processes outlined in Figure 1 above. These can have an impact far beyond the very limited resources currently being made available within the forest sub-sectoral institutions and development processes.

1.3.4 Policy paper on micro and small enterprise development

A policy paper has been prepared (MSEPU, 1999) but has neither been approved by cabinet nor formally submitted to parliament for approval. This document is not widely available, but was used primarily to inform the formulation of the MTCS (both the first and second phases). UNESCO have just undertaken to assist the Ministry of Finance to resurrect and update this paper as a policy in its own right and for it to be approved by cabinet for submission to parliament. At the time of writing it is the most clearly articulated summary of the current status of MSEs in Uganda and recommended policies and interventions.

This policy paper recognises that "in contrast to medium and large-scale enterprises, MSEs are insufficiently organised. This limits their ability and capacity to influence policies that affect them. It also limits the MSE sector to design and attract support programmes and get a fair share of available services. Access to information new technologies and markets [by MSEs] is more difficult." In response to these perceived shortcomings, the policy envisages continuing support to the existing umbrella organisations and national coordination committees (such as the MSE National Coordination Committee - MSENCC), to streamline coordination of support programmes for the sector at national level, and to facilitate and strengthen sector organisation. The MSENCC is also mandated to stimulate private sector organisations to establish new groupings of micro and small entrepreneurs to help them benefit from policies and programme, and help them participate in trade fairs, publishing business papers, etc.

1.3.5 Legal basis for association

The term 'association' is used quite loosely in Uganda, and does not always infer the same legal status. Associations may be formed under the Companies Act registered as Limited Liability Companies, but typically established as not-for-profit companies. The legal structure therefore is the same as for any other business. Community-based associations may also register with the District Community Development Worker. These do not have a legal structure, nor do they have the status of a body corporate.

Cooperatives must be registered under the Cooperatives Societies Statute of 1991 and provide for "a society which has for its object the promotion of the economic and social interests of its members in accordance with co-operative principles (...) with or without limited liability". Cooperatives must consist of at least 30 qualifying persons and may not include a company incorporated or registered under the Companies Act, except with the written permission of the Registrar. Cooperative societies are bodies corporate. The Apex body for all registered cooperative societies is the Uganda Co-operative Alliance Ltd.

1.3.6 The Uganda Forestry Policy (2000)

The Policy recognises that a very wide range of people have a stake in the forest sector, people whose interests are not being fully addressed, and whose roles and responsibilities need to be defined and co-ordinated. The Policy envisages "a major role for the private sector in commercial forestry, particularly in the production and processing of wood products and in ecotourism, which are major employers and which require good business management". The Policy envisages a number of quite distinct areas where associations of one form or another may have key roles to play. These are illustrated in Annex 1.

The Forest Policy also recognises the pivotal role provided by Community-Based Organisations in mobilising and sensitising local people, in strengthening civil society and in supporting their active participation in the management of forests and trees.

1.3.7 The National Forestry and Tree Planting Act (2003)

The Forestry Act has the following key purposes:

- (a) to create an integrated forest sector that will facilitate the achievement of sustainable increases in economic, social and environmental benefits from forests and trees by all the people of Uganda;
- (d) to promote the improvement of livelihoods through strategies and actions that contribute to poverty eradication;
- (e) to encourage public participation in the management and conservation of forests and trees; and
- (g) to promote the decentralisation and devolution of functions, powers and services within the forest sector.

It also provides communities with the opportunity to organise themselves into formal groups that can negotiate with government both for the management of forest on communally owned land, and for the collaborative management of Central Forest Reserves. This has stimulated the formation of new community-based associations for the express purpose of accessing and managing forest resources.

1.3.8 The National Forest Plan (2002)

This Sector plan provides the clearest guidance on what needs to be done to strengthen civil society's role in the forest sector – and gives ample pointers for the priority mandates of SME associations (see Box 4).

Box 4. Extracts from the National Forest Plan relating to associations

The three key objectives of the NFP are:

- To raise the incomes and quality of life of poor people through forestry developments, targeting sustainable livelihoods amongst small-scale, mainly rural stakeholders, with strategies based on-farm, in natural forests or off-farm.
- To increase economic productivity and employment in forest industries, targeting large-scale, commercial investors, with strategies based mainly on plantation forestry and wood processing.
- To achieve sustainable forest resource management, targeting local, district, national and international interests in biodiversity and environmental conservation.

While not specifically referring to the role of “associations” in alleviating poverty the NFP provides a very clear mandate for them by stating that “the NFP will increase the levels of household income derived from forestry-related enterprises, ensure that poor people have secure access to land for forestry purposes, and the skills, advice and investments needed to improve productivity and develop sustainable livelihoods” [thereby contributing to Pillar 2 of the PEAP]. The key strategies in the NFP are to provide access to advice, information and training, to support small-business growth, to ensure security of land and tree tenure, and the development of appropriate technologies. These will be targeted at specific gender, socio-economic and geographical groups. However, it is left open as to who will implement these strategies. Associations would seem to be an ideal conduit through which to do so.

Good Governance and Security (Pillars 3 and 4): the NFP will increase the level of participation by civil society and the poorest in decision-making, and develop accountable and democratic institutions to improve decision-making and management of forest resources for the benefit of the poor. Areas of forest under secure management by the NFA, local governments, the private sector and local communities will increase. The key strategies to achieve this are to promote community-based participatory planning, to support the NFA, NAADS and reforms in local government and community institutions, to develop collaborative management agreements with local communities for the management of forest reserves, to increase access to information, to develop pro-poor regulations and guidelines, and to develop a civil society advocacy forum.

Civil society has an important role in holding government to account, as well as sensitising and promoting the forest sector's development. The voice of civil society will be strengthened through support to structures and processes that encourage civil society to participate in important decision-making fora, and to promote forest-related NGOs and civil society networks. The establishment of a civil society advocacy forum such as the Uganda Forestry Working Group is one step forward in achieving this. This network of CSOs will ensure the development of pro-poor benefits from the permanent forest estate through CFM agreements, and will monitor the impact on the poor of commercial business interests in the PFE. It will also provide information related to the public trusteeship of forest reserves to the public, and hold government to account in delivering on its forestry policy commitments.

Other civil society initiatives will be developed, especially those that aim to raise awareness of poor people's rights, and of government programmes to promote these rights through forestry, and those that aim to build capacity in local communities to benefit from partnerships in the management of the PFE.

1.3.9 Policy relevance of this study

What is clear from the preceding review is that there exist a great many policies that aim to achieve growth of entrepreneurship and that the majority of them see some form of group, association, cluster or network as a key conduit for delivery of such support.

This array of policy statements has raised the expectations of communities and entrepreneurs. Their perception is that being in some form of group/association is key to winning public sector support, or contracts or both. This is reflected in the high number of groups found in the field that report that they have formed with the main purpose of meeting the eligibility requirements of various government and non-government support programmes.

This study will review progress made over the past 6 years since the bulk of policy and legal reform process took root in terms of creating both community-based associations and commercially oriented associations that contribute in one way or another to alleviating poverty. The findings of the study provide guidance to government on how to realise some of the purposes of the Policy, the Forest Act and the National Forest Plan and a number of other related policies.

Several institutions and programmes supporting SME associations in general will get a clear insight into the organisation, governance and pro-poor relevance of forest-based associations. Table 2 provides a list of those institutions and programmes that have supported SME associations in the past. The list, though not comprehensive, was generated in the course of the study. The focus on how to support SMEs through their associations has resurfaced quite recently, in the last two to three years.

The findings of this study will also support government in its strategy to boost growth of SME associations under PEAP, especially with respect to developing a systematic approach to this sub-sector.

This study will also be of use to development agencies. By working effectively with and through associations, they might be able to reduce their transaction costs in offering grants, technical assistance, training and other support.

In spite of repeated public announcements about their assumed importance as instruments of development, SMEs in many African countries enjoy a lukewarm support. They lack effective organisation and knowledge of modern management techniques. Organisations created to promote SMEs are not sufficiently prepared and the interface with policy-makers leaves much to be desired (Beyene, 2002).

Table 2. Institutions and programmes with support for forest-based SMEs

Name	Type of support
1. Forestry Inspection Division, MWLE	Regulatory. Dissemination of information on forestry policy and law, including opportunities for collaboration. Piloting Collaborative Forest Management and Community Forestry.
2. National Forestry Authority (NFA)	Allocation of licenses for tree planting by investors and community groups, and for collaborative forest management by community-based organisations.
3. Uganda Investment Authority (UIA)	Information on investment opportunities and incentives.
4. Uganda Manufacturers Association (UMA)	Guidance on standards.
5. Uganda Wildlife Authority (UWA)	Information on wildlife policy and law including opportunities for collaboration.
6. Environmental and Conservation Trust of Uganda (ECOTRUST)	Grants, training and information for conservation and natural resource based enterprises.
7. Global Environment Facility/Small Grants Programme (GEF/SGP)	Grants.
8. Standard Chartered Bank	Credit.
9. Stanbic Bank	Credit.
10. Enterprise Uganda	Training in entrepreneurial and business skills development.
11. PRIME-West (Productive Resources Investment for the Management of the Environment). A USAID funded project	Grant support for forest and natural resource based enterprises, in particular those that contribute to poverty reduction in protected-area adjacent communities.
12. Private Sector Foundation – Business Uganda Development Scheme (BUDS)	Cost-sharing grants for training.
13. Local governments	Training, extension and contracts for service delivery.
14. Non-governmental organisations (e.g. CARE, AWF, World Vision)	Training and institutional development support.
15. National Agricultural Advisory Services (NAADS)	Unified extension service, technologies and training.
16. National Environment Management Authority (NEMA)	Capacity building.
17. East African Development Bank	Technical assistance.
18. Ministry of Finance, Planning and Economic Development	Policy development for SME associations.
19. Danida Agriculture Sector Programme Support (ASPS)	Market research, finance and communications technology.
20. National Council of Uganda Small Business Organisations (NCUSBO)	Policy advocacy and networking.
21. Private Sector Foundation – Private Sector Competitive Project	Skills enhancement and product improvement for export value chains.
22. International Labour Organisation (ILO)/Swedish International Development Agency (SIDA)	Training in Expand Your Business (EYB) Programme.

Despite the resurgence of interest in, and support for SMEs in Uganda, this interest is not evenly spread across sectors. Forestry has not received as much attention as cash crops, livestock or fisheries. Unlike forestry, these sectors are good foreign exchange earners and have become the target of attention of planners, policy makers and even

development partners. Forests' major benefits are in large part societal and often intangible. Without the development of markets that pay landowners for environmental services, for example carbon sequestration, biodiversity conservation and watershed protection derived from forests, such services will not be delivered.

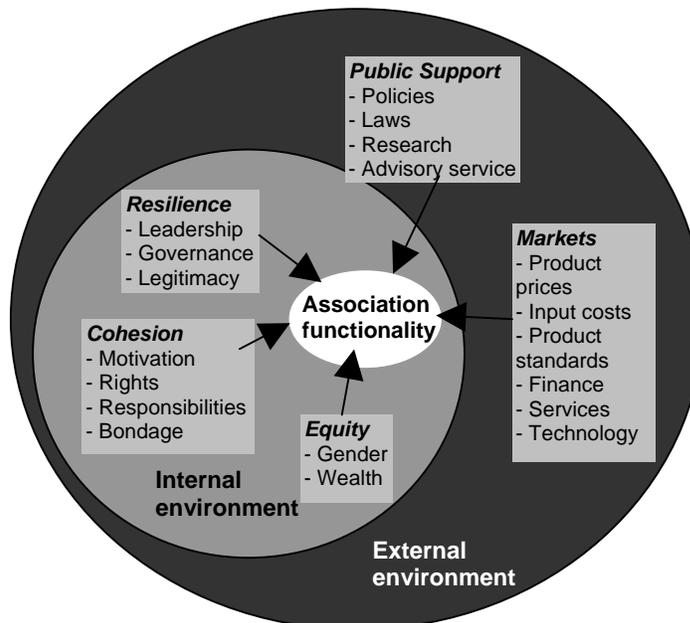
Current government approaches mean that the poor are active in forestry-related activities including conservation and afforestation, but are incurring investment costs for where there are not yet fully developed mechanisms by which they can be compensated. There is a challenge for government to create an enabling environment to ensure that forest-based SME associations, which often involve the poor, are among the first beneficiaries of emerging markets for ecological services.

1.4 Conceptual framework

The conceptual framework on which the study was founded is given in Figure 3. It is modelled on the basis of the initial findings from the rapid appraisal of forest-resource based associations (Auren & Krassowska, 2004).

Association functionality is a complex phenomenon in which both internal and external factors play a role. The broad important internal factors are: cohesion, resilience and equity. In the external environment there are issues related to markets of both products and inputs, with their corresponding consumer set standards, and public support, which include policies, laws, research and advisory services. These five broad categories of factors are reflected in Figure 3, with their most important variables that were studied. The study perhaps pays least attention to the market environment in which associations operate – but in section 5, we consider how markets stimulate associations and influence their functioning and effectiveness.

Figure 3. Conceptual framework for SME associations in forestry



2. Literature review

2.1 Definitions and interpretations

2.1.1 Enterprise

The language used and statistics presented in the PEAP and the Policy Paper on Micro and Small Enterprise Development (PSD/MSEPU, 1999) make an implicit distinction between traditional farmers and off-farm micro, and small- to medium-scale enterprises, hence the relatively low reported figures (12%) of those employed in MSEs in rural areas, as compared to 77% of the active labour force in rural areas that are reported to be employed in agriculture. MSEs which add value to agricultural produce, diversify income away from the farm and create wage employment are widely seen as the route out of rural poverty, which is rooted in subsistence agriculture. With 96% of those below the poverty line living in rural areas, government looks at SME and agricultural growth as critical for poverty reduction and as the first level of economic transformation.

In their evaluation of forest-based SMEs, Auren & Krassowska (2004) differentiate forestry SMEs whose profits are reinvested in the enterprise, from more subsistence "Income Generating Activities" that support basic livelihood needs. Similarly, in his review of forestry SME associations, Macqueen (2004) defines the term "enterprise" as "business operations aimed at generating profit, rather than merely using or managing forest resources for subsistence or conservation aims alone". Mr. Charles Ocici, Executive Director of Enterprise Uganda,³ defines the enterprise more in terms of the entrepreneurial nature of the person who operates it: "somebody who starts an enterprise for economic gain, or changes the way they run their existing business, for example by starting new activities, developing new products, expanding, or improving quality." Such a definition thus implies that farmers who continue to do what they have always done, without change, do not qualify, even if they are generating income.

2.1.2 Definitions of scale of enterprises

A study by the United Nations Development Programme (UNDP) and the Government of Uganda (1996) defined small-scale enterprises as those businesses with total capital of US\$ 2,500 to 100,000 and involving a labour force of 4 to 50 persons. The World Bank reconnaissance mission on rural small-scale enterprises (GoU/WB, 1991) together with the Ministry of Industry and Technology (MoIT) used US\$ 300,000 as maximum capital outlay in plant, machinery and equipment excluding investments in land and buildings. Earlier, the UGADEV/ACCORD study (1988) gave the standard of US\$ 10,000 to define the micro-enterprise, and US\$ 100,000 for small. The Uganda Investment Code of 1991 on the other hand set the limit at US\$ 50,000 for small enterprises.

³ Enterprise Uganda is an institution designed to support the government in realising its objective of promoting the development of SMEs to become the major vehicle for expanding production, providing sustainable jobs and enhancing economic growth. It is a not-for-profit Limited Company, owned by the government, that provides a wide range of business support services to SMEs, using a hands-on approach. A consortium of local and international donors support it, including UNDP. The concept is based on the Empretec Programme Model currently operating in 25 countries in Africa, Eastern Europe and Latin America.

Overall, two criteria have been used to define the boundaries of institutions at different levels of their growth: size of labour force and capital investment. With regard to labour size, Storey (1994) classified industries in developing countries as shown in Table 3. However, many studies on various aspects of SMEs have not defined the boundaries of these enterprises (Kyeyamwa, 1996; Lwoga, 1999; Aol, 2002).

Table 3. Categorisation of enterprises by Storey (1994)

Number of people employed	Category
≤9	Micro enterprise
10-49	Small enterprise
50-99	Medium enterprise
≥100	Large enterprise

However, the Ministry of Finance's Private Sector Development/Micro and Small Enterprises Policy Unit (PSD/MSEPU) have prepared a Policy Statement on Micro and Small Enterprises (1999) which provides a brief definition, that has been quoted in other public documents since (UN, 2002). However, it has not been widely disseminated, nor uniformly accepted and remains fluid. For example, most banks use such criteria of 'scale' to determine whether a customer should be treated as a "Corporate" (large scale), "Personal", "SME" or "Micro" customer. Standard Chartered Bank's definition of SME is based on annual sales/account turnover. Their lower limit is US\$ 300,000 with an upper limit of US\$ 10 Mio.⁴ While they are free to use their own definitions, it is clear that the majority, if not all of the forestry enterprises and their associations under this study would be far below this boundary.

"A country that has no clear definition of SMEs evidently has no strategy for supporting them." Mr. Ocici of Enterprise Uganda.

Table 4 provides a summary of existing definitions on the basis of commonalities observed in the existing draft policy paper, observations made in this study and consultation with a range of key personnel in the Ugandan public sector, and business associations.

⁴ Mr. Herman Kassekende, General Manager SME Banking, quoted in New Vision, 12th May 2005, p.15.

Table 4. Preliminary categorisation of Ugandan enterprises by scale

Scale of enterprise	Key characteristics	Employees	Capital invested (minus land, buildings and working capital)	Turnover
Farmers/ farming households	Produce food for home consumption and some for sale. Subsistence dominates, with some income-generating activities. Typically the rural poor whose main activity is agriculture.	1-5. Based on family labour.	Main asset is land. Very minimal investment in a few hand tools.	Below \$ 5,000
Micro enterprises	Operate seasonally, and may change economic activities regularly. Informal – not legally registered. No business plan. Owners do not imagine business surviving beyond themselves. No access to formal services. Owned and run by relatively poor individuals who are typically self-employed and aimed at income generation. Do not pay tax (threshold is approx. \$ 5,000). Main activities are non-agricultural.	1-5. Work as individuals or using family labour. Sometimes employ non-family members but treated as apprentices or family members. Everybody is involved. Weak/lack of management structure. Low skill levels.	Investment in appropriate technology tools and processing equipment, but less than \$ 1,300. Very often rent their premises rather than owning them. Lack savings and credit facilities.	Below \$ 5,000
Small enterprises	Business operates all year round. Registered as a legal entity. Have a physical address. Pay taxes (threshold for 1% business tax on annual turnover is \$ 25,000). Profit and growth oriented, but few have business plans, typically prepared to access credit from a bank. Use appropriate to intermediate technology (e.g. power tools). More organised management system. Easily associate with other enterprises (e.g. some belong to business development organisations). Owned and managed by trained/educated middle class Ugandans and expatriates.	Maximum 50. Could be family or individuals, but more than 2 active members. Employ non-family members selected on basis of skills and qualifications, but do not necessarily provide formal contracts.	Above \$ 1,300 but below \$ 25,000.	\$ 5,000 to \$ 25,000
Medium scale	Registered as a legal entity. Pay taxes. All have business plans. Most will have a close relationship with their banks, and have good access to finance and other services. Intermediate to high technology. Fully organised management system. Often at the top of the supply chain hierarchy and do not need to associate to compete. Owned and managed by wealthy Ugandans and/or expatriates, but name of owners is still often more well known than the 'brand'.	50+. Almost entirely non-family, although under family ownership, staff in key management positions in such enterprises may be related.	Over \$ 25,000 but below \$ 100,000.	\$ 100,000+
Large scale	As for Medium scale, but Business/Brand Name is emphasised, and recognised by the public more than the owner's identity.	50+	Over \$ 100,000	\$ 500,000

Source: compiled from preliminary definitions provided in the SME Policy Framework (MSEPU, 1999) and unwritten understanding of USSIA and other practitioners.

N.B.: these are typical features, although there are often exceptions, for example because even small enterprises may employ a lot of people due to the abundant cheap labour force. The distinction between categories is not fixed. It is assumed that successful enterprises graduate from one level to another.

2.1.3 Associations

By most definitions, and the common understanding of those within Government who deal with economic development, the membership of the majority of the associations surveyed in this study are in fact individuals and households in rural areas (i.e. farmers), who are not typically referred to as micro or SMEs, and fall outside the definitions of the enterprise provided by both Auren & Krassowska (2004) and Macqueen (2004). Such associations are more commonly defined as community-based associations, or self-help groups, built of individuals within the same community. Forestry is often only one of a range of defined activities of such associations.

These associations have a long history in rural Africa, performing a number of important roles in rural communities, such as shared-labour pools, savings and loans groups, and 'trouble funds' that provide for those members when in urgent need. All these build social capital to overcome a number of the typical stresses of poverty and are specifically acknowledged as a key to rural mobilisation and promoted under Pillar 5 of the PEAP relating to Human Development.

However, the PMA notes that while such social capital is generally cited by subsistence farmers as strong in the areas of cooperation, local leadership, networks and groups, it is much weaker in the aspects of accountability and transparency. The latter are critical for the effective functioning of more commercially oriented associations or where commercial interests are represented by the association and membership fees held and managed by an executive.

2.1.4 The association as the enterprise

In some cases, such as the community tourism associations, it is the association that is the enterprise, with members being the 'shareholders', providing the labour and the management.

2.1.5 Types of association

As noted in the summary of the PEAP (see Section 1), and highlighted in Auren & Krassowska (2004), a broad spectrum of forestry-based associations exists in Uganda, in terms of their geographical scope, their level of formalisation and their objectives – from those focusing primarily on social welfare of its members to those entrepreneurs who collaborate to achieve some commercial advantage in a competitive market.

This research also attempts to understand, categorise and describe the different types of associations in finer resolution than is commonly found in the literature about either Ugandan SMEs or their associations – within or outside the forest sector.

2.1.6 Working definition of forestry-based associations used in this study

From the above analysis, we concluded that it was still valid to consider all the varied forms of forest-based associations found in rural areas, and took a broader interpretation of the term than just those that bring together members who might more conventionally be understood as SMEs. That said, it is important not to blur the picture by lumping all associations reviewed into the single category of SME associations.

2.2 Importance of small and medium enterprises and their associations

The government of Uganda has been pursuing all available opportunities to integrate itself into the global economy through economic liberalisation, deregulation, and trade. This is seen as the best way to overcome poverty and inequality. It might also reduce its dependency on aid to finance its development.

Recognising the importance of SMEs in employment generation, and tax revenue, the government set up in 1996 a Micro and Small Enterprises Development Policy Unit under the Ministry of Finance and Economic Planning (MFEP). Its aim was to take a closer look at the constraints to their development. One key outcome was the development of the Policy Paper reviewed in Section 1 above, which highlights the important role of business associations at improving production quality and efficiency, and therefore competitiveness, in national and regional markets.

Similarly, community-based associations perform an important role in both poverty alleviation, through the building of social capital, and as the preliminary building block for more commercially oriented SMEs and their associations, just as the PMA and NAADS focus on farmers' groups as the conduit for training traditional farmers to become commercially oriented agricultural entrepreneurs.

Recent Government policy statements acknowledge that its long history of support through centralised development programmes have failed to eradicate poverty, and in the forest sector, failed to deliver either good forest management or benefits to the poor. Empowerment of civil society organisations, including the private sector and community-based organisations, is now the order of the day and is clearly prioritised in the Forest Policy.

Meanwhile, many local institutions such as forest-based associations have remained cohesive and resilient and have delivered benefits to people (as their continued membership proves).

The current status quo in which government leads institutional restructuring is fraught with problems since the rich, who lead it, cannot fully dislodge themselves in favour of local institutions even where it may be necessary. It is noteworthy that the MDGs do not explicitly target building and supporting local institutions in support of SMEs.

There is a rich body of research (e.g. UNIDO, 2002) on the development contribution of small enterprises. For example:

- SMEs (partly because of the industrial sub-sectors and product groups covered by them) tend to employ more labour-intensive production processes than large enterprises. Accordingly, they contribute significantly to the provision of productive employment opportunities, the generation of income and ultimately the reduction of poverty.
- It is through the promotion of small enterprises that individual countries and the international community at large can make progress towards reaching the global target of halving poverty levels by the year 2015.

- There is ample empirical evidence that countries with a high share of small industrial enterprises have succeeded in making the income distribution (both regionally and functionally) more equitable. This in turn is a key contribution to ensuring long-term social stability by reducing ex-post re-distributional pressure and by reducing economic disparities between urban and rural areas.
- Entrepreneurs are key to the transition of agriculture-led to industrial economies as they provide simple opportunities for processing activities, which can generate sustainable livelihoods. In this context, the predominant role of women is of particular importance.
- Capable small enterprises are of increasing importance also for the attraction of foreign investment. Investing transnational corporations seek reliable domestic suppliers of their supply chains. There is thus a premium on the existence of well-organised domestic industries in the feasibility studies of foreign investors.

3. Methodologies and sampling

Identification of forest-based SMEs for sampling was done using several approaches. The first one was to contact the Community Development Officers in eight districts, particularly Arua, Kabarole, Mukono, Rukungiri, Bushenyi, Mpigi, Pallisa and Tororo. They were very cooperative and they provided the names of all associations registered with them for all sectors. We then filtered out those whose titles reflected some forestry activities.

Secondly, a similar list was requested from the Registrar of Companies in the Ministry of Justice and Constitutional Affairs. However, this list was not exhaustive as the practice of automating the records had just began, and the manual registers could not be accessed. These were dominated by profit-led firms registered as sole proprietorships, partnerships, or limited liability companies limited by shares. Our interest was more on groupings or associations whose members had a common purpose over and above individual competitive spirit. Accordingly, from that list we identified those associations limited by guarantee.

Thirdly, a list was also generated from the 'Review of Forestry Initiatives in Uganda' that was made in 2001 during the forestry policy and legal reform process.

Finally, some associations that were known to the research team and that had been missed by the sampling were identified and interviewed, where it was considered that they represented key aspects of the commercial forestry sector that had not been captured in the field surveys. Among these are some associations that have not necessarily succeeded in their missions, with the express purpose of understanding why associations have not functioned under certain circumstances. We also interviewed some SMEs in the forest sector who have **not** associated, to find out why.

From the lists, some basic facts were gathered. All in all, it was found that most associations were of small size (less than twenty people) and involved in tree planting. Their members were primarily individuals. However, it also became evident that some associations were involved in gathering non-wood timber products, while others were promoting tourism, product and market development. Others were involved in policy advocacy and some in training and extension programmes.

Owing to the fact that these associations were widely scattered, a cost-effective sampling strategy had to be designed. Accordingly, areas that provided a good mix of associations representing the ecologically and socially diverse regions of Uganda were chosen. The aim was to sample this diversity, although it has not been possible to draw any detailed conclusions about regional differences.

In spite of the poor security situation in the North, a trip was made to Lira and some parts of Pader because it was only in that ecosystem that there had been a strong network of District level associations (the Northern Uganda Shea Processors Association) making a breakthrough with technology adoption to process shea butter nuts for local consumption and export. Literature had shown there is scope to use the shea tree to fight poverty because of its wide geographical coverage, and because communities have historically preserved and managed the naturally occurring shea

tree and its woodland habitat given that its value as a vegetable oil was greater than for charcoal and other uses.

It was also considered important to see how associations had coped under the stress of insecurity, which grips a large proportion of Uganda.

Table 5. Characteristics of the regions sampled

Region	Ecological characteristics	Socio-economic characteristics
The North (Lira, Pader, Gulu, Apac)	Savannah woodlands, little commercially harvestable timber, but rich in non-timber forest products.	Ethnically homogenous, but suffering from insecurity caused by 20 years of rebel activities. Communities in IDP camps come from diverse villages.
The West (Masindi, Hoima)	Tropical High Forest and woodlands, of which a majority is in protected areas, but some remaining on private land.	Ethnically diverse community dominated by migrants from all over the country.
The South West (Kabale, Kisoro, Kanungu, Ntungamo, Bushenyi, Mbarara)	Highlands, originally covered by montane forest and grasslands. The only remaining natural forest is found in heavily guarded protected areas.	Relatively ethnically homogenous. Heavily populated. Intensive agricultural zone. Farm forestry is common.
The Centre (Kampala, Mukono, Mpigi)	Tropical High Forest of which a majority is in protected areas, very little remaining on private land.	Ethnically diverse community dominated by migrants from all over the country. Increasingly intensively farmed.
The East (Mbale, Tororo, Pallisa)	Widespread woodlands on private land. Tropical/Montane forest in protected areas only.	Relatively ethnically homogenous. Heavily populated. Intensive agricultural zone.

For all the associations that could be reached and whose leaders were present, information was gathered using a questionnaire. Annex 2 provides those associations to which the questionnaire for leaders was submitted. Accordingly, the frequencies and cross-tabulation in this report are based on that list of 62 associations.

However, a list of other associations known to be engaged in similar activities was provided by respondents. They are given in Annex 3. Finally, Annex 4 gives a list of associations provided by the Community Development Officers from some districts.

The questionnaires returned were checked and entered using SPSS after which simple analyses were run. For some questions, cross-tabulations were also made.

4. Findings

4.1 Characteristics of the respondents

80% of the respondents were male and 20% female. Figure 4 shows their distribution by age. The majority were above 40 years of age. On average, each respondent had served a period of six years. All leaders were found knowledgeable about the associations' affairs. 88% of the group were founding members of their associations; 85% of them were actually found in the places where they founded the associations. Most of the associations studied were founded by less than 15 people (Figure 5).

Figure 4. Age ranges of association leaders (n=62)

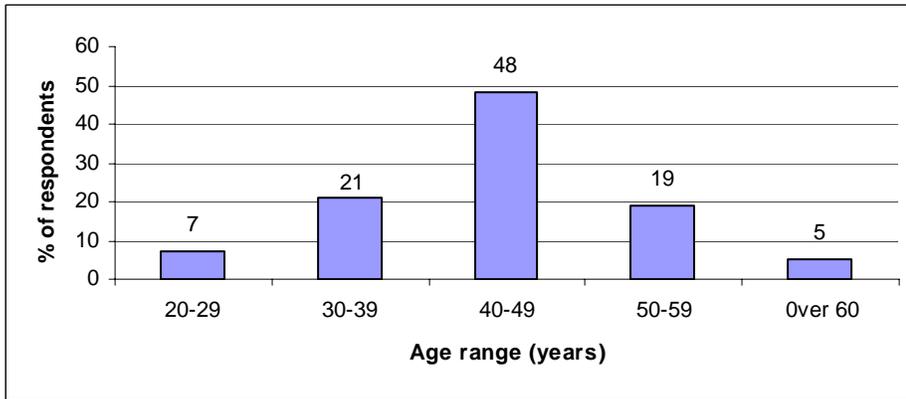
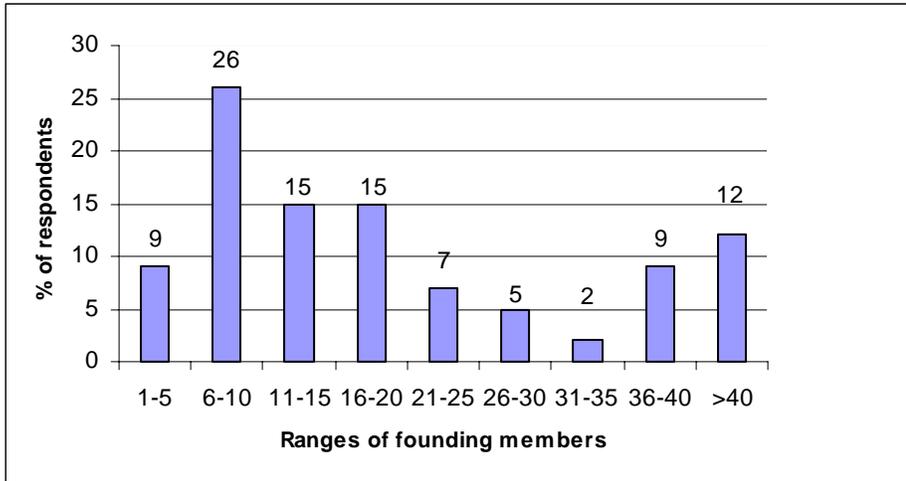


Figure 5. Ranges of founder members of association (n=62)



The few associations where the number of founding members was rather high (over 40) are the following:

- Northern Uganda Sheanut Producers Association with 76 founding members, in Pader district.
- Ndorwa Agro-forestry Association with 100 founding members, in Kabale district.
- Muko Two-wing Agro-forestry Network with 150 founding members, in Kabale district.
- Rutugunda Forest Society with 45 founding members, in Kanungu district.
- Karangara/Ntungamo Forest Society with 120 founding members, in Kanungu district.
- Nyamabare Beekeepers Association with 80 founding members, in Kabale district.
- Nyangole B CFM Association with 132 founding members, in Tororo district.

Another important finding is that 65% of the leaders interviewed were also involved in other associations, many of which were not necessarily involved in forestry-related activities; however, the majority were community based. Further, as many as 71% had other occupations and were only providing on average 30% of their time to the associations' affairs. Only 31% were receiving some salary or allowance, in most of the cases falling below UgSh 150,000 per month (equivalent to US\$ 83).

This was particularly true in associations that were externally influenced in their formation, and were still getting some support. The message here is that most associations' leaders serve other members with no regard to expectation for reward. Such leaders are motivated by fulfilment at work, which is one of the six dimensions of well-being (Macqueen *et al.*, 2005).⁵

4.2 Characteristics of the associations

The findings about the characteristics of associations were analysed under the variables of: types of association, activities that their members engage in, legal status, geographical spread, age, size and annual turnover.

4.2.1 Types of association

We identify four clearly distinct types of forestry-based association amongst those covered by our survey. A preliminary attempt has been made to identify some of their key characteristics in Table 6. The types of association correspond fairly well with those associations referred to under the different pillars of the PEAP strategy, as illustrated in Figure 1.

While not fitting comfortably within the definition of SME associations, community-based associations (with at least one forestry objective) are flourishing in rural areas, as clearly demonstrated in this report.

⁵ The other dimensions are material subsistence, security, relational equity, creativity, intellectual discernment and cultural identity.

In contrast, there is a dearth of associations of 'entrepreneurs' (whatever their scale of operation) that function effectively in Uganda in the more commercial arenas of the forest sector. Most attempts by commercial forestry enterprises to associate either at district or national level have failed to achieve their objectives, for a number of reasons that are given some preliminary analysis in Section 1. The type of membership, governance mechanisms and success and failures of these different types of association need to be disaggregated in more detail than is possible in this study.

4.2.2 Main activities

Broadly, associations were found to be engaged in five main categories of activities shown in Figure 6. The majority are in production-related activities. Production involves tree planting, nursery establishment and agro-forestry activities. Under primary processing, there are pitsawyers and sawmillers, harvesters of non-wood forest products (NWFP), firewood collectors, charcoal burners, producers of craft materials such as rattan, and collectors of medicinal herbs and honey. The forest-based service providers were engaged in forest management and utilisation training, participatory forest management support, craftwork training, credit, marketing and advocacy. Under secondary processing, there were traders of timber, charcoal, poles, rattan and carpentry workshops and builders. Forest-based services involve eco-tourism and carbon sequestration.

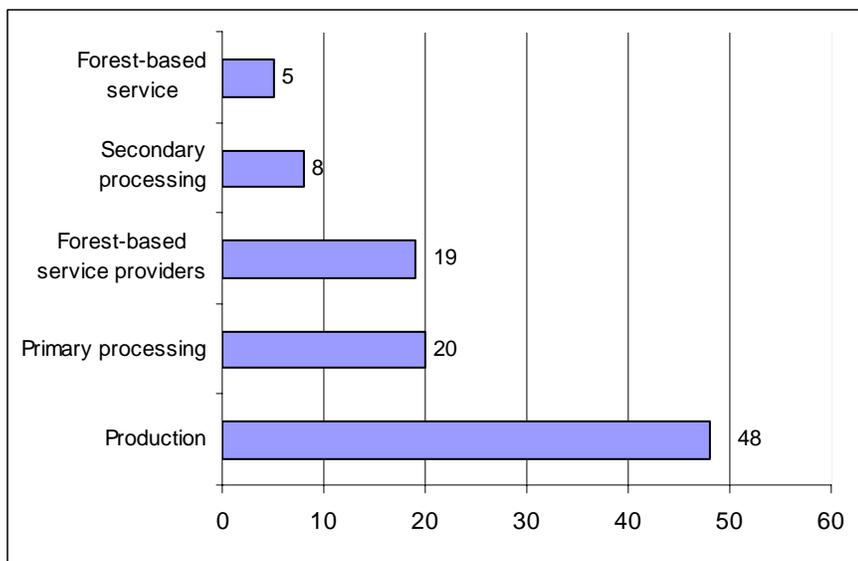
According to Auren & Krassowska (2004), there are about 5,000 forest-based associations in Uganda. Although it is true that most associations or groupings are not registered, it is unlikely that so many of them are involved in forestry based activities. On the contrary, going by the lists from Community Development Officers, sectors such as health and micro-finance dominate. A good number of those in health were registered after 2004, most likely in readiness to benefit from the Global funds to fight HIV/AIDS and malaria.

In some districts such as Kibale and Kiboga, the Community Development Officers and District Environmental Officers could not recall any forest-based associations in their area of jurisdiction. We would thus conservatively limit forest-based associations to 2,000-3,000 in number. Nonetheless, the number is substantial.

Table 6. Categories of association

Association type	Key characteristics of members	Key objectives of association	Where do finances come from?	Key benefits derived
Community-based organisations/ associations	Individuals from same family/ethnic group/ village that are engaged in individual activities.	Self-help. Provision of social security to members, particularly in times of trouble – when member or their relatives are sick. Sharing problems, and increasing their visibility to the social services provided by government and NGOs. Provision of loans, but most often not for business development.	Mostly from group members. Very few receive any external financial assistance, except in kind. Some benefit from NGO and local government service provision, grants and contracts but expectations of anticipated support are often not met.	Social security. Help in times of trouble. Ear of local government Recognition. Solidarity.
Associations of SMEs	Common interest in specific aspect of forestry, such as tree planting, pitsawing, and sawmilling.	Access to licenses and government grants. Historically there have been conflicts between those who seek 'preferential access' to resource use licenses (for timber harvesting, land in forest reserves etc.) and those [members of] associations that have sought 'a level playing field for all'.	Members contribute funds for particular campaigns, for example in the past to lobby the Forest Department and the Ministry to issue licenses to members in preference to non-members.	Preferential/ cheaper access to forest resources.
Community associations that are businesses	Members come together to develop a business or a project that they could not undertake alone.	To run a business and generate profit for their members, who are often the wider community. Profits are often not reinvested in the business but in community development projects.	Most examples of such "Community-owned and managed business" are initiated by outside projects with donor financial and technical support.	Access to donor funds to start and develop businesses.
Associations of forestry professionals/ civil society organisation	Dominated by civil society activists (NGOs, CBOs, etc.) but typically lacking the involvement of private sector (e.g. Uganda Forest Working Group).	Lobby for changes to the policy and legislation for the better governance of the sector. Lobby for greater funding to sector priorities and for protection of public assets against appropriation by private interests.	Primarily donor funded advocacy organisations. Different members of 'alliances' coordinate their efforts to achieve collective impact from their individual campaign funds.	Access to donor funds to run advocacy programmes.

Figure 6. Distribution of associations in forestry among types of activities (n=62)



The reason why tree planting dominates is because conservation agencies and agricultural development programmes (VI, ICRAF, etc.) have supported farm forestry through associations as an alternative for products that were being harvested in protected areas, and to reduce the time spent collecting firewood. This is true around Bwindi Impenetrable and Mgahinga National Parks where CARE has been working since late 1980s. It is also true around Kibale, Semliki and Mt. Elgon National Parks where IUCN has built the capacities of CBOs for conservation.

The demand for fuel energy and poles for building also made many associations go into tree planting particularly after 1990.

Box 5. The dominance of tree planting as an objective of associations

Presently, as much as 94% of energy demand nationwide is met from biomass. Some international and local NGOs such as Living Incorporated,⁶ VI Agroforestry Project, Uganda Women Tree Planting Movement, Environmental Alert and ECOTRUST boast of poverty alleviation among rural communities through support to tree planting. However, these organisations have not used that evidence to lobby for more support to forest-based associations.

Before 1990, people would gather poles and to some extent firewood from forest reserves. In 1991 and 1992, the reserves were elevated and declared National Parks whereby utilisation was either stopped or greatly curtailed. This compelled the users to plant their own trees in associations. Forest reserves that fall into this category were: Mount Rwenzori, Mgahinga, Bwindi Impenetrable, Kibale, Elgon and Semliki. Traditional herbalists also joined forces to plant species of medicinal values to control for harvests. Agro-forestry was attractive in areas such as Kabale and Rukungiri where international NGOs such as ICRAF, AFRENA and CARE are supporting associations to replenish loss of soil nutrients due to over cultivation.

⁶ Formerly called Experiment in International Living.

In some places, tree planting is linked to area-based commercial activities. Arua, for example, is a tobacco-growing district where fuel-wood is needed to cure tobacco, thus creating a big market for fuel-wood. Interestingly, all the associations interviewed during the study in Arua are patronised by women and the youth. This clearly shows how the marginalised have used associations to gain access to emerging markets. The evidence is given in Table 7.

Table 7. Small and medium scale forestry associations in Arua

Category	Name	Members
1. Small scale tree-planting	Euata Youth Association Ocoko Christian Youth Association Aliba Youth Project Michu Youth Association Nile Quarage Youth Association Northern Koboko Students Association Kingaba Youth Association Offaka Rural Youth Association Nile Koboko Students Association Luko Youth Association	Youth
	Roko Women Club Yapi Women Association Terego Women Association Orinzi Women Association Yivu Joint Women Association	Women
2. Agro-forestry	Lugbara Youth Association	Youth
	Ocoko Women Association Okokoro Women Club	Women
3. Nursery bed operators	Oyera Youth Multipurpose Project	Youth
4. Harvesters of craft-materials (rattan, bamboo-canes etc)	Offaka Youth Association	Youth
5. Secondary processing- charcoal traders	Offaka Rural Youth Association	Youth
6. Secondary processing – timber-processors, (carpentry workshop)	Baruku Youth Association Tanganyika United Youth Association	Youth

Source: Community Development Office, Arua.

Forest-based service providing associations have increased in the last five years under the auspices of National Agricultural Advisory Services (NAADS) of the Plan for the Modernisation of Agriculture. NAADS offers contracts for extension services to associations, private consultancy firms and individuals. NAADS is a long term, multi-donor funded programme in support of PEAP, grounded in the Uganda government's overarching policies of: decentralisation, liberalisation and increased participation of the people in governance. The legitimacy of NAADS is given by the National Agricultural Advisory Services Act, 2004.

4.2.3 Legal status

With regard to legal status, the associations have registered themselves under different arrangements. Some have registered with the Registrar of Companies in the Ministry of Justice and Constitutional Affairs. In so doing, they secure the legal personality to allow them to be contracted or contract in their own names. Others, wishing to operate as non-governmental organisations (NGOs), register with the

Registration Board of the Ministry of Internal Affairs. The rest (and the majority) were registered with district authorities and may thus be better classified as Community-Based Organisations (CBOs). The willingness to make their activities known to government institutions and the anticipation of attracting external financial and technical support are common among them. Proof of registration is also usually required by most grant-making bodies. All in all, 82% of associations fall in a combination of the above status, with only 18% not 'formally' registered with any of the above.

4.2.4 Geographical location and scope

In terms of location, most associations are in rural areas. It was found that 74% of these were operating in one area. The remainder that had separate branch offshoots were operating within the same districts but in different sub-counties and parishes. Only five had branches in other districts. These are: Connoisseur Honeys Association in 4 districts, Support for Women in Agriculture and Environment (SWAGEN) in 2 districts, Mbarara Grape Farmers in 3 districts, Northern Uganda Sheanut Processors Association in 7 districts, Rukungiri Functional Literacy Resource Centre in 2 districts.

4.2.5 Age, size and longevity of associations

In terms of age, a good number of associations are evenly distributed over the last 15 years period as indicated by the responses shown in Table 8.

Table 8. Timing of start-up of SME activities

Period ranges	Percentage
1984-1989	7
1990-1995	29
1996-2001	29
2002-2005	29
Non-response	6
<i>Total</i>	<i>100</i>

Associations greatly vary in size, with a few extremes of big ones⁷ and small ones.⁸ By excluding these cases or outliers, the number in each association ranges between 20 and 100 people, of which 53% is made up of women. There have been no marked variations in numbers among these associations since 2002.

This implies that any decline in numbers is more or less replaced by new entrants or that existing associations have remained stable over time. In practice it is a mix of the two but with many stable associations.

⁷ E.g. Buhoma Community Rest Camp Development Association near Bwindi Impenetrable National Park has 6,988 members, while National Council of Traditional Healers and Herbalists Association has more than 5,000 people countrywide.

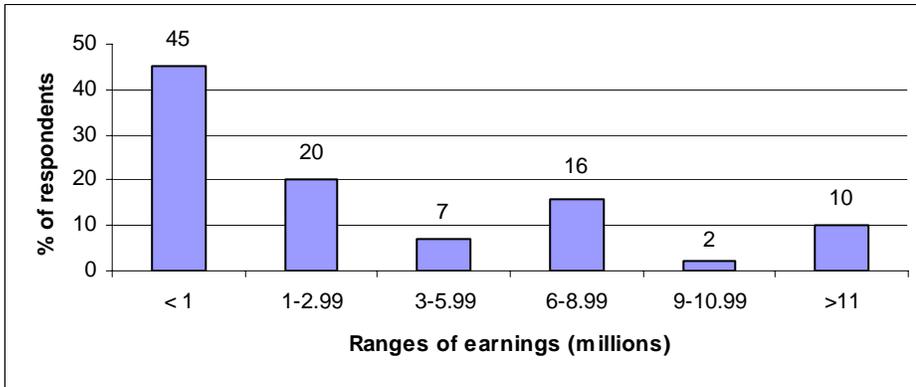
⁸ E.g. Iterero Tree Planting Association has 7 members, and K.G. Ntura Nursery Plants and Compound Association has 5 members.

4.2.6 Association earnings and expenditure

The annual earnings of the associations in 2005 are summarised in Figure 7. The associations that earned UgSh 6 Mio (US\$ 3,300) and above included the following:

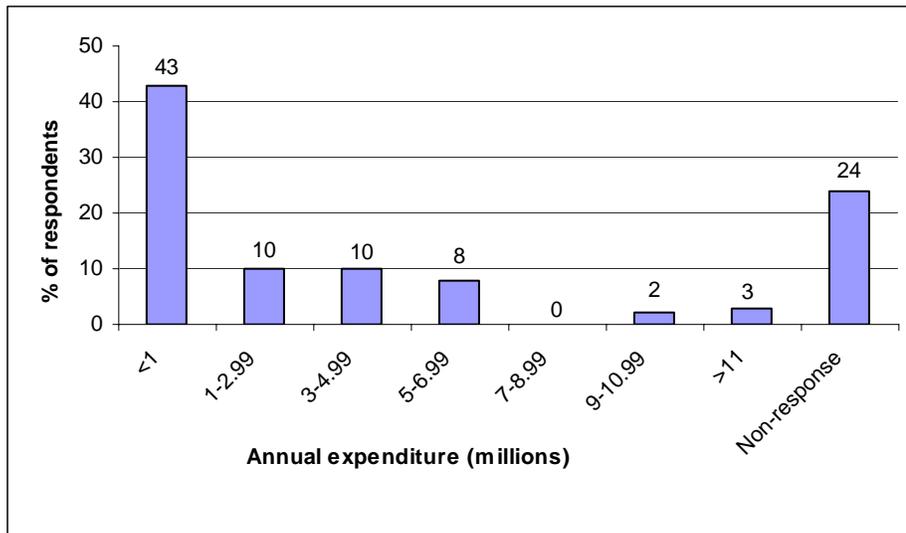
- Miirya Talents Promotion Association UgSh 15,000,000
- Nkuringo Conservation Development Foundation UgSh 15,500,000
- Uganda Red Cross Society, Kamukuzi, Mbarara UgSh 23,000,000
- Buhoma Community Rest Camp Development Association UgSh 25,000,000
- Bukuja Ngogwe Development Association UgSh 60,000,000.

Figure 7. Annual earnings of the associations (n=62)



For annual turnover, 57% of the 62 association spent less than UgSh 3,000,000 last year (equivalent to US\$ 1,667). Only 23% spent more than the above. 24% could not commit themselves to any amount they spent, reflecting, in part, poor record keeping (see Figure 8).

Figure 8. Annual expenditure of forest-based associations (n=62)



A few associations from the sample with high spending are given in Table 9. Also shown in the table are their main sources of funding.

There is little pattern of coordinated funding to associations. They have received funding from a diverse cross-section of supporters, with different interests in development and/or associations.

By and large, the forest-based associations are not among the associations getting substantial support. There are other programmes that give support ranging between UgSh 15 Mio to 20 Mio for community-initiated projects. This is particularly true under the Northern Uganda Social Action Fund (NUSAF) funded by the World Bank covering 18 districts in Northern Uganda. It is funded up to US\$ 100 Mio. Health, education, water and sanitation and rural roads, and income-generating activities are dominating the list of investments, and can run the great risk of marginalising forestry.

Table 9. High spending associations in the sample

Association	Expenditure in 2005 (UgSh)	Source of grants
1. Bukunja Ngogwe Development Association	30,000,000	African Development Foundation
2. Buhoma Community Rest Camp Development Association	20,000,000	Institute of Tropical Forest Conservation International Gorilla Conservation Programme
3. Muyekhe Community Development Initiative	10,000,000	Small Grants Development Fund GTZ Bungokho Rural Development Initiative
4. Miirya Talents Promotion Association	6,000,000	National Forestry Authority (contracted to train)
5. The National Traditional Healers and Herbalists Association – Masindi Branch	6,000,000	Internal sourcing from obligatory fees
6. Rukungiri Functional Literacy Resource Centre	6,000,000	ECO-TRUST
7. Connoisseur Honeys	5,000,000	West Ankole Diocese (Church of Uganda) (loan)
8. Nkuringo Conservation Development Foundation	5,000,000	Institute of Tropical Forest Centre (ITFC) International Gorilla Conservation Programme (IGCP)
9. Rugando Tukwatanise Group	4,000,000	MBADIFA Mbarara Horticulture
10. Support for Women in Agriculture and Environment	4,000,000	NAW Busoga Development Agency GFS
11. Tank Hill Bakwara Kwetunga Group	4,000,000	Feed Uganda FINCA (loan)
12. Kanyinya Agro-forestry Project	4,000,000	
13. Hoima Pitsawyers Association	3,150,000	Internal Sourcing from obligatory fees
14. Keirere Functional Adult Literacy Association	3,000,000	

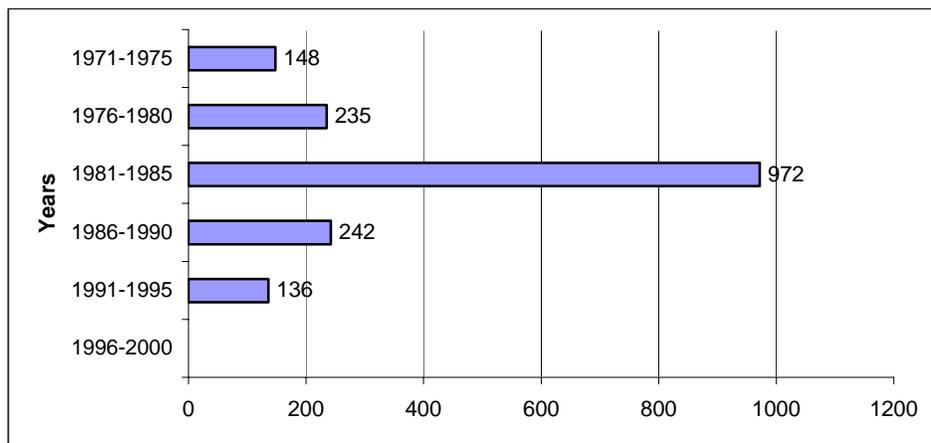
4.3 Cohesion: reasons for associating

A key finding in the study is that for 70% of the associations, the founding members were interested in galvanising self-help for common benefit. The balance of 30% were externally influenced either by government or donors, to benefit from the latter's programmes but equally benefiting the members in those associations. The findings are not very surprising. In many parts of the country, there is a very long history of people working together in some form of groupings. It is a common practice to come across associations for self-help in health (e.g. engozi, munomukabi), in road maintenance (e.g. oburungi-bwansi) and micro-finance (e.g. savings and credit schemes). Such groupings harness the social capital for development.

The key question is how such self-help groups evolve to becoming commercially oriented associations of independent and competitive enterprises.

In the 1980s, the then government helped the formation of 'cooperatives' to provide agricultural inputs, credit, crop finance, consumer goods and even commercial transport, often at prices subsidised by government. Owing to the history of failures of cooperatives during the same period because of internal and external factors, there has been a tendency to shy away from this form of grouping. This is borne out by evidence shown in Figure 9 depicting the trends in the registration of cooperatives nationwide by the commissioner of cooperatives. In this study, only two cooperatives were noted: Mwizukulu Cooperative Society in Pallisa and Gipeko Women's Cooperative Society in Apac.

Figure 9. The trends in the registration of cooperatives in Uganda, 1971-2000

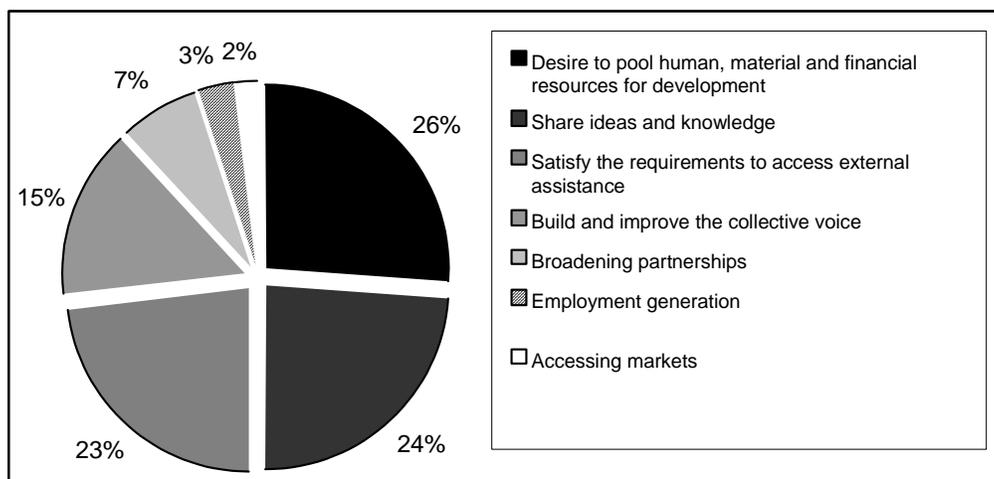


Source: Cornelius Kazoora (2003).

4.3.1 Motivations for association

There are four main categories of motivations for communities to form associations to foster their interests as opposed to doing it individually. They are shown in Figure 10. We draw emphasis to the fact that a very small minority saw accessing markets as a motivation for formation, underlining that many associations form to achieve social objectives, but that later on, they actually do improve market access for members.

Figure 10. Original motivations for association



4.3.2 Factors influencing ongoing cohesion

To the extent that individual members look forward to benefits associated with all the above motivations for associating, they remain bonded to their associations: according to 85% of the respondents, the motivations for associating are still strong and valid.

Three main reasons were given in those associations where the motivations are no longer strong: inability to meet members' expectations (42%), limited financial resources (29%) and insecurity (29%). The above findings are understandable. For example, it has already been shown in Figure 7 that most of these associations have limited finances. Insecurity is particularly a valid reason for associations in Northern Uganda where civil strife interfered with socio-economic activities of the population for 19 years. Currently, 1.6 million of the population in that region are living in camps. It is no surprise therefore that the solution to reinvigorating associations' cohesiveness in that area lies in ending the war (9%).

As for members' expectations, some members hold out for returns from long rotation tree crops (18%). But for the majority (55%), the solution lies in broadening sources of financial support. Other solutions lie in improving the regularity of meetings (11%) and prioritisation of youth programmes.

There are additional factors that sustain the cohesiveness of associations. Associations are typically very flexible in terms of what they do to meet members' growing and changing needs. For this reason, associations were found also to be engaged in several non-forest based activities such as health, savings and credit schemes, animal husbandry, fish farming, water and sanitation and education activities. This is in part a reflection of their multiple coping strategies to poverty eradication, but also a 'gambling' or scattergun approach to fundraising – increasing the chances that one or other programme will arrive that wishes to work with and support associations in their sector. However, as pointed out in the analysis at the end

of this paper, lack of clear focus can also lead to the downfall of such associations if ever their activities do expand beyond the stage of 'multiple intentions' to 'multiple programmes', unless the corporate structure develops to handle the complexity of operations.

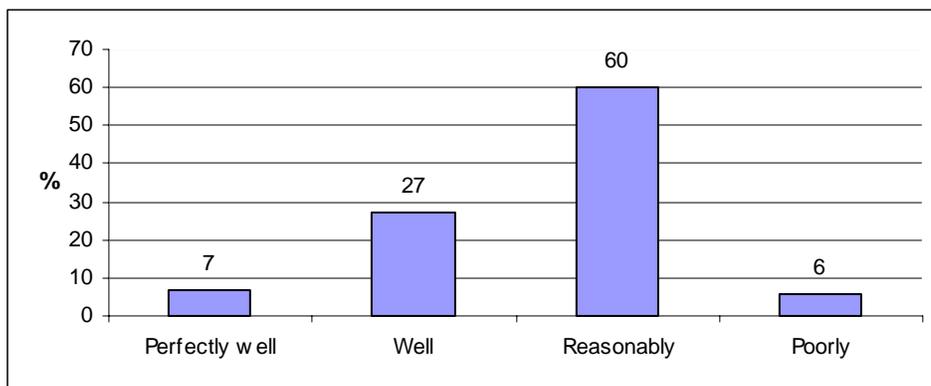
Very few do specialise, especially associations that entered into collaborative forest management with either Uganda Wildlife Authority (UWA) or National Forestry Authority (NFA). For these reasons, it can be difficult to locate forest-resource based associations.

For example, names such as Rural Based Health Foundation in Bushenyi, Rukungiri Functional Literacy Centre and Mukono District Network of people living with HIV/AIDS would not give one impression that such groups have stated intentions and activities in forestry. Associations occasionally take on additional activities such as forestry after they have used health, adult literacy, HIV/AIDS as flagships for mobilising their members. But some SMEs do use forestry-related activities to flag their identity.

Associations' members usually still have respect for their charismatic-founding members. To the extent that 70% of founding members were found still active explains the continuity of these associations. Most importantly, members already had strong ties based on location and inter- and intra-households relations. Thus, as high as 74% of the associations were highly localised with no ambition to expand or establish branches.

It was found that 90% of the associations have been able to meet members' expectations and/or contribute to the improvement of their welfare. The expectations for improvement included broadening one's income generating activities, providing financial or in-kind support, broadening opportunities for partnerships and networking, access to information, improvement of food security and training. Figure 11 shows the percentage distribution of members' perceptions on how the associations meet their needs. For the majority, the associations are still meeting the needs of members, though 66% fall in the lower 2 out of 4 categories offered in the questionnaire, and a small minority (7%) reported 'perfection'.

Figure 11. Distribution of members' perceptions on how associations meet their needs



Equally, there was consistency in the responses from association's leaders and regular members. Over 60% of members reported that benefits are greater than contributions, compared to only 42% reported by leaders (Table 10). This suggests that leaders put in more effort than the average members, and perhaps confirms that there is evidence of selfless leadership – highlighted later in this report as a key for their success.

Table 10. Relationship between benefits and contributions

Responses	Leader	Member
1. Benefits are more than contributions	42	61
2. Benefits match contributions	24	21
3. Benefits are less than contributions	8	16
4. Not sure	26	2
<i>Total</i>	<i>100</i>	<i>100</i>

The corollary is that almost 40% reported that benefits were the same, or less than contributions made. If membership of an association is intended to generate net benefits, one must conclude that 40% of associations fail in one of their key objectives. But it depends how you measure benefit – social cohesion may be a more important (but hidden) measure of success than economic benefits. This is true for socially-oriented associations, 90% of which are reported to have met their members' expectations.

The associations' ability to meet members' expectations has acted as catalytic in motivating more new entrants than those exiting. Those exiting had expectations for short-run tangible benefits, which are not typical in forestry activities such as tree planting, agro-forestry etc. To the policy makers, the message is very simple, namely that in the absence of institutionalised incentives, social capital within associations is a big asset in enabling the poor to manage change.

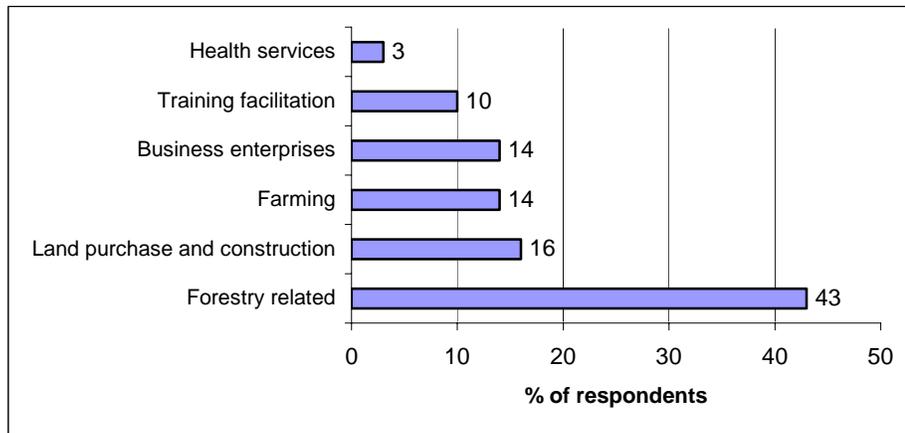
Those joining associations look forward to sharing benefits (i.e. employment, credit, training). In addition, by remaining in associations, 85% of members had come to appreciate that it reduces the costs of each individual member doing it her/his way. They found that they had pooled resources (labour, inputs) (29%), accessed markets (26%) and improved the collective voice for negotiations (12%), in addition to accessing other benefits such as training, credit, capital, and obtaining higher prices (33%). The degree of economic success (access to markets and credit, higher prices, etc.) was highly important in ongoing association cohesion – much higher in fact than this same motivation for formation of the association (see Figure 11).

Some associations have made investments which have not yet seen returns. The distribution of members' subscriptions and support grants into investments is shown in Figure 12. Importantly, most of them are going into forestry-related activities, indicating that forestry is something useful into which longer term investments can be made. But substantial consideration and investments are also made in training or capacity building.

There is no doubt that associations have created enabling environment for broadening members' benefits, and strengthening their collective voice. For example, it has already been shown in Table 9 that some of the associations with high annual turnover had received external support. In Box 6, it is illustrated how developmental

opportunities and support can be taken advantage of if members are already associating.

Figure 12. Distribution of members' subscriptions and grants into investments (n=62)



Box 6. Associating to access financial incentives

Financial incentives for promoting good policies in environmental and natural resource management are legitimised under several laws such as the National Environment Act 1995 and National Forestry and Tree Planting Act 2003. Under the European Union funded Forest Resource Management and Conservation Programme (FRMCP) 2002-2006, a grant of € 1.92 Mio was provided to support long term tree planting, that is, for species such as pine and cypress which mature 20-30 years by the private sector. The design of the so-called Sawlog Production Grant Scheme (SPGS), includes a number of strict standards, among others, setting the minimum area of 25 hectares for any person to qualify for a 50% cost recovery of the establishment cost (about UgSh 600,000 per hectare – equivalent to US\$ 350). This was a barrier to the marginalised whose capital available was too low to reach this standard.

In Bushenyi District, members of Kamusiime Memorial Rural Development Association (KMRA) who live near Kashoha-Kitomi Forest Reserve where private investors have been tree-planting decided to apply to the SPGS as a group by each bringing the piece of his/her land to make up the 25 hectares for tree planting, and to access the above financial incentive. Presently, the group made up of 22 members, of whom 18 are women, have planted a total of 112 hectares to a high standard, and are planning to plant another 20 hectares by the end of 2006. Their Chairperson, Mrs. Brenda Kamusiime, has benefited under the programme from a study to South Africa where forest plantations are well managed. By associating, KMRA has also demonstrated that the marginalised can gain access to financing and achieve high standards of forestry practise. This case has also given confidence to managers of the scheme to encourage formation of similar associations since this public-private partnership is a win-win scenario for both parties in forestry investment. It also shows that one can reach the poor provided the local institutional landscape is correct.

There are cases to demonstrate that unless the poor associate, they may not access environmental justice in line with Principle 10 of Rio: "Effective access to judicial and administrative proceedings, including redress and remedy, shall be provided" (UN, 1992).

In Uganda, the government has come into conflict with the 'public trust doctrine' given to it by the Constitution 1995 under objective XIII where it is stated: "the state shall protect important natural resources, including land, water, wetlands, minerals, oil, fauna and flora on behalf of the people of Uganda".

The doctrine rests on the principle that certain resources have such great importance to the general public that it would be wholly unjustified to make them a subject of private ownership. However, because most environmental litigation involves disputes with government agencies, most environmental law is heavily intertwined with administrative law.

For example, in 2002 the government degazetted Butamira Forest Reserve, displacing tree farmers (with compensation), and gave it to Kakira Sugar Works for sugar cane planting. In 2004, it degazetted part of forest reserves in Bugala Island for BIDCO, a palm oil growing and processing company. An environmental impact assessment has been conducted in Pian Upe Wildlife Reserve to determine whether it is suitable for irrigation or not.

Box 7. Decline of forest resources due to market failures and political interference

In the long run, the country is losing its forestry-based ecological services. The situation is difficult to manage because forest degradation is caused by small-scale agricultural conversion and as such, it does not become visible in the eyes of enforcement agencies or policy makers. But cumulatively, the damage is great. On the contrary, in Brazil where large-scale commercial agriculture is responsible for deforestation, the reactions are even global. Uganda is challenged to mainstream natural resource management in its programmes if the damage had to be curtailed. A very recent trend, which is creating anxiety among conservationists, is the president's directive to stop further evictions of encroachers in forest reserves and wetlands. Currently, there are presidential campaigns, with elections scheduled for mid-February 2006. Such a directive sets a bad precedent because it undermines the legal and policy environment that exists to ensure ecological integrity of these resources. It also undermines confidence of private investors to invest in forestry plantations in Forest Reserves (a key strategy for plantation development).

No doubt it is unfortunate that the Government has persistently looked upon forest and other reserves as land available for investors in agriculture and business parks rather than forestry. This comes at a time when Ugandans and the rest of the world are experiencing negative environmental impacts and are becoming more cautious of environmental degradation (see Box 7). Such trends can be a source of discouragement among the poor who have some of their investments in government forest reserves. They may not find it easy to get redress should the government decide to change land use. A case in Box 8 illustrates the value of associating to seek compensation should such a problem arise. The farmers (who were mostly urban-based professionals and civil servants) pooled their resources together because they could afford to do so. Unfortunately the reserve was still degazetted. There are situations, however, that would warrant external support to enable the poor access their rights. This could be provided directly to the pro-poor associations or to civil society organisations which advocate for the poor's rights. It was therefore gratifying to find that forest-based service providing associations are increasing (see Figure 6).

Box 8. Associating to access compensation

In December 1996, the Minister for Natural Resources gave a gazette order of 1,006 hectares of Namanve Forest Reserve in Kampala. The aim was to create an industrial park for use by Uganda Investment Authority (UIA) to attract investors. This part of the reserve contained eucalyptus trees that several farmers had planted under a permit of the Forest Act, 1964. Inevitably, the issue of compensation came up. The farmers wanted to be compensated for trees that would have a life cycle of 16 years. On the other hand, government wanted to compensate them for only 5 years, the initial period stipulated in the permit. But the permit also provided that there would be renewal provided the conditions are not violated. No farmer had violated any condition by the time government wanted to change land use. The Solicitor General, as a government legal advisor, has also recommended compensation for the standing trees only. Negotiations between the farmers and UIA to reach amicable solutions failed.

In February 1997, the farmers formed Uganda Wood Farmers Association, legally registered it with the Registrar of Companies Chairpersons to enhance their collective voice. In April 1998, they learnt that UIA was processing a land title for the area. Working through their lawyer, the association put a caveat on the land. They sued UIA in the High Court under case No. 761 of 1998, Kabbs Twijukye and others (plaintiffs) versus (UIA) defendants. Out of the litigation, Justice Richard O. Okumu Wengi ruled in favour of the farmers, giving them compensation for trees that would have four rotations (16 years) which came to a total of UgSh 2 Bio – equivalent to approximately US\$ 1.2 Mio at the time. This case demonstrates that had farmers not pooled resources together and formed association to enhance their collective voice, they would have found it either expensive or impossible at individual level.

Source: Cornelius Kazoora *in*: FAO, 2003.

Box 9. Associating improves access to market and technology

Uganda Honey Association (UHA) is a national apex body in the apiculture sector in Uganda, which was formed in 1995. The main aim of the association is to promote the development of beekeeping in Uganda. The association is composed of over 80 primary societies and community groups with a membership of over 5,015 beekeepers. A 13-member executive board, four of whom work fulltime for the association, leads the association.

UHA offices are located at Nalukolongo, Industrial Area, Kampala. The UHA honey facility is also located there. The main activity of the association is to train beekeepers throughout Uganda to produce top quality honey for the local and export markets. Honey and wax are processed in the Nalukolongo honey refinery, which is set up with the latest steel equipment. UHA received assistance from Uganda's USAID Agri-business development Centre (ADC) through the Investment in Developing Export Agriculture Project (IDEA project). Uganda Honey Beekeepers Association is currently running Nakasongola Apiculture Centre (NAC) funded by the German government at € 111,000. It began operation in June 2003.

NAC was founded in November 1997. It is intended for the management and utilisation of honeybees (*Apis mellifera*) for enhanced food security, incomes, and improved standards of living, especially of vulnerable groups (women, youths, disabled, the landless, the poor, etc.), the majority of whom live in rural areas. The centre stresses the conservation and protection of natural resources for enhanced productivity, and economic returns to small-scale bee farmers at household levels. It is however hoped that when the centre is fully developed, it will be in position to house the regional secretariat for the proposed beekeeping association for the East African region, among other activities.

Source: Agricultural Council of Uganda.

In the context of the government's plan to increase the incomes of the poor, association is enabling households to realise economies of scale in marketing and access to technology. This is illustrated by a case of bee-keeping in Uganda, a non-wood forest product (Box 9). Apiculture is one of the eight strategic enterprises under

the Plan for the Modernisation of Agriculture, particularly in the districts of Arua, Kibaale, Kitgum and Soroti. The case also illustrates that there is potential to use forestry resources to foster closer regional cooperation by sharing information and best practices. This is more so because both the East African Cooperation (EAC) Agreement and New Partnership for African Development (NEPAD) have environment and natural resources as priorities.

4.3.3 Dealing with internal conflict

Typical of any other grouping, internal conflict is inevitable. What matters is whether there are mechanisms for conflict resolution. Within their rules of governance, associations differ in the approaches they have prescribed for conflict resolution, but with the majority preferring the use of meetings (Table 11). However, only in 11% of the associations did we find history of conflict management, implying that for the majority, there has been relative stability.

Table 11. Approach prescribed for conflict resolution

Approach	Percentage
1. Convening meeting of leaders	57
2. Meeting between leaders and the accused	12
3. Use of disciplinary committee	10
4. Consulting ex-officio	9
5. Consulting external parties	9
6. Using bye-laws	3
Total	100

4.3.4 Factors undermining associations

Even when associations are capable of conflict resolution and hence sustenance of cohesiveness, they still face some internal problems which reduce their effectiveness. Top on the list are: lack of sufficient funds to maintain the continuity of their programmes (22%), lack of training (17%), low commitment of some leaders (16%), disunity (12%) and poor financial management (10%).

Other factors, though of low ranking, include power struggles, poor programme planning, ill health and expectations for tangible benefits in a very short time. Some of these are understandable. For example, in a good number of associations, members are not obliged to pay any form of fee, while in those that do, the amount is generally low (Figure 16). Financing regular meetings can consequently become a limiting factor. In 66% of the cases, leaders work as volunteers, not remunerated by the associations, and therefore there is a limit to the extent they can subsidise the running of associations.

Some leaders even use their own funds to keep the associations afloat. It is in associations that were internally initiated that this practice of leaders subsidising association is strong. To the policy makers, the message is clear: that the poor can remain cohesive in their institutions with or without external support. They also invest to improve their livelihoods. But as evidence shows in Box 8 and Box 9, there is added value in associations being externally supported along the way. It would be worthwhile for the government to identify the critical activities worth supporting to modernise Ugandan forestry.

There is strong evidence from other sectors that such support can work provided there is political will and commitment. In the energy sector for example, a UNDP funded project (photovoltaic pilot project for rural electrification) helped to identify the social, economic, financial and institutional barriers to the adoption of renewable energy technologies such as solar energy technologies. Since the project ended in 2001, Government has removed these barriers (for example taxes on solar equipment being imported). This has stimulated adoption of these technologies through private enterprises.

In the water sector, with DANIDA support, the Directorate of Water Development has trained more than 70 NGOs under their umbrella of Uganda Water and Sanitation NGO Network in water service delivery. As a result, a strong public-CSO partnership in water service delivery exists, benefiting the poor. All these transformations are directly or indirectly benefiting the incomes or the quality of life of the poor.

4.4 Resilience: credibility and legitimacy for decision-making

4.4.1 Governance and decision-making

Irrespective of whether they are formal or informal, forest-based associations were found with some basic rules of governance. These were expressly defined in formal ones. It is a requirement for registration, which also includes submission of a resolution of the meeting recommending for such registration. The constitutions, bye-laws or articles of association define the tenure of office bearers, decision-making processes and rules of entry and exit of members. The fact that Local Council leaders recommend associations for registration either at NGO Board or Local Government gives credence to these associations. Besides, it makes them visible to the local level policy makers. Further, section 50 of the Local Governments Act 1997 heightens the credibility of NGOs generally by requiring the “parish or village executive committee to monitor projects and other activities undertaken by government, local governments, and non-governmental organisations in their area”.

As part of their systems for governance, associations have defined their hierarchical order of decision-making. Top organs in association are general assemblies, which set broad policy directions usually initiated by the executive leaders. The executives are involved in the day-to-day running of associations including planning, implementing and monitoring the programmes. Typically, executive leaders include chairperson, vice-chairperson, secretary, treasurer and committee members. Some associations restrict the positions of the secretary for women only. In others, the leaders take on titles of coordinator, project manager, research secretary, and advisory committee. This is common in those associations running donor-funded projects.

A minimum quorum is a requirement in 97% of the associations to conduct business. For the majority, that requirement is two thirds of all members. In 48% of the associations, occasions had arisen when the required quorum had not been realised. But there was no such a case reported for the year 2004, implying that such occasions were before 2004. The main cause of lack of quorum is other commitments of members.

Associations differed in the frequency of general assemblies. Almost 30% hold them annually, while another 30% hold them bi-annually. The rest hold them more frequently than twice a year. Up to 86% of all associations had held such meetings in the last one year (2004-2005). The remainder (14%) were in arrears because the majority (33.3%) confided that the meetings were irregular due to insecurity in some parts of the country (Northern Uganda) and they lacked facilitation (e.g. finance).

At these meetings, members take a wide range of decisions, including those for income generating activities for members, acquisition of assets, admission or recruitment of new members, disciplining of members, and conducting of elections to choose new office bearers. In 85% of the associations, the executive drafts the agenda and the general assembly adopts it with or without amendments. In 15% of the remaining cases, the entire general assembly proposes the agenda. Another key finding is that an ordinary member can raise an issue for discussion by either writing to the executive or show of hands during the discussion. For 47% of the associations, decisions are reached through open voting, followed by consensus (31%), secret ballot (3%) and a combination of these in the remaining circumstances.

As high as 97% of the associations keep a formal written record of the minutes at the meetings; in 16% of the associations, the matters arising out of previous minutes are brought onto the agenda of general assemblies.

Further, 95% of the associations have provisions to call for extra-ordinary meetings to cope with new developments such as disciplining members (22%), consultation on new opportunities or challenges (20%), planning to host important events or visitors (15%), distribute inputs (17%) and discussion of government policies. Up to 47% of the associations held such meetings in 2005, and another 15% in 2004. Only 18% of them have never held them. This shows that there are many avenues for participation and decision-making by the poor in their associations.

4.4.2 Democracy and succession

Individual members participate in the election of their leaders at an annual general assembly or meeting. When asked about key considerations they take into account in the selection of leaders, the majority of respondents mentioned the ability to read and write (21%), a good track record in leadership (20%), being a member (17%), commitment (17%), leadership skills (9%), education level (6%) and experience on the activities of the association (6%).

Although education level is related to the requirement to read and write, it is not the priority requirement. This has implications for the design and delivery of capacity building programmes among pro-poor associations and also for advocacy and lobbying. Perhaps this explains why many good lessons and practices at community level fail to be documented and used to influence government and donors' programming.

Associations set tenure limits for their leaders, with 51% setting 1-2 years, 40% setting 3-4 years and 9% setting 5-6 years. Up to 68% of the leaders had been elected in the last two years. This was confirmed by the responses from regular members who had been asked a similar question. With regard to the method of choosing leaders, 97% of the leaders submitted that they are elected by vote. On the contrary, regular members

submitted that vote constituted only 76%, while the balance (24%) was by self-appointment of leaders themselves.

In a way, there are still some instances of leadership dominance influencing the trends of leadership succession. In 22% of associations, the number of leadership positions is seven. In 20%, the number is lower; for the rest (58%), the number is slightly higher. Although women are also holding leadership positions, they make up only 44% of all positions.

4.4.3 Participation and networking

Some associations have evidently practised the involvement of other stakeholders in their day-to-day operations (see Box 10).

Box 10. Accommodating stakeholders' interests in governance structure

Buhoma Community Rest Camp Development Association is a community-based association that, although registered as an NGO, operates a business dealing mainly in eco-tourism. It is operated by the local community of Buhoma, Mukono Parish, Kayonza Sub-county of Kanungu district. The association operates a campground, near the headquarters of BINP in South Western Uganda. It has benefited from more than its fair share of donor assistance – both technical and financial – compared to many other private sector and community initiatives in the region. A number of external institutions such as UWA, BINP, IGCP, CARE, ITFC and UCOTA are also active participants in the activities related to the management of the park.

Buhoma Community Rest Camp consists of a 20-member council, 10 of whom are elected from the community and represent the interests of the wider community of Mukono parish. The others are representatives from other organisations with a stake in the conservation of BINP. The role of the council is to plan for the activities of the Rest Camp, control funds, raise awareness in the community based on the need for partnership with park management authorities, steer livelihood initiatives such as hygiene and development funding proposals for potential donors.

The council currently suffers from internal weaknesses such as lack of management skills, rejection or slow adoption of new ideas, skewed decision-making process and lack of transparency. A business plan (prepared with donor funding) shows a clear and profitable route forward, but requires that the NGO changes its status to a Registered Company, and invest some of its income in renovations to improve accommodation standards. While it is a viable enterprise (making 20% net profit worth over US\$ 10,000), it has resisted reinvesting it in the proposed renovation, largely because members prefer to spend it on social projects and hope (probably in vain) that it will continue to receive handouts from the plethora of conservation and development organisations working in the region. It has developed a “dependency syndrome” that risks stifling the development of the business and the entrepreneurial drive of its council. One can question the value of conservation and development organisations continuing to flood such organisations with assistance without building the entrepreneurial skills of the management team.

Nonetheless, with broad based governance structure, the association is able to put to good use the little money it saves. The financial impact of Buhoma Community Rest Camp on the local residents is such that there are twelve salaried staff working in the Rest Camp and two part-time employees. A number of community projects have been funded by the Rest Camp and these include: contribution towards the Buhoma Women's Club; Kanyashande Primary School; Rubona and Mukono Catholic and Anglican Primary Schools. In short, through support from governance structures, the benefits of associations can indeed benefit the poor.

4.4.4 Supporting policies and laws

There are other laws under whose provisions the associations are operating which further give them legitimacy. According to the Uganda Wildlife Act, 1996, the Executive Director of UWA is allowed to enter into collaborative arrangements with any person for the management of a protected area or portion of it, management of a species or class of species; or provision of services and infrastructure in a protected area. Accordingly, UWA has signed several memoranda of understanding with associations allowing them not only to access forest resources for their livelihoods, but also for conservation of the parks (Box 11). It costs time and money to support the processes leading to the signing of multiple use agreement. But investments are necessary to bring on board the poor into viable partnerships. CARE has facilitated some of these processes as a neutral agent.

Box 11. Memorandum of understanding between UWA (BINP) and Forest Resource Users' Society – Karangara and Ntungamo parishes

Within the provision of Uganda Wildlife Statute 1996, the communities negotiated the above MoU in 2002 with UWA under which the society set itself to:

- protect and conserve BINP resources through sharing of responsibilities with other interested partners in the management of utilised resources obtained from the park;
- negotiate access for resources from the BINP and participate in developing a system to ensure that resource utilisation is sustainable;
- improve on the communication between the national park staff and the community and act as an information link with other interested partners in the park resources;
- collaborate with the UWA-BINP staff and Community Protected Area Committee (CPAC) in finding ways of reducing illegal activities done in the park.

Under the MoU, the responsibilities of the members of the Executive Committee made of Chairperson, Secretary, Treasurer, and Vice Chairperson are defined. The MoU also incorporates aspects of governance including the holding of meetings by the society, the frequency of meetings, voting rights, and handling of conflicts. In addition the MoU defines the bye-laws governing various categories of resource users, that is, herbalists and basket makers.

Likewise, section 15 of the National Forestry and Tree Planting Act, 2003, provides that “a responsible body may enter into a collaborative forest management arrangement with a forest user group for the purpose of managing a central or local forest reserve or part of it in accordance with regulations or guidelines issued by the Minister”. On the basis of such legitimacy, formally recognised community associations and farmer groups (registered with the local government under the provisions of the NAADS Act) have entered into collaborative forest management agreements with the National Forestry Authority (NFA). Several other agreements are about to be signed for the management of Budongo Forest Reserve, and for Reserves in Sango Bay, Rakai District among others. According to the officer in charge of CFM at NFA, the number of requests by community associations to enter CFM is growing day by day.

Increasingly, these CFM user groups and community institutions are forming umbrella organisations at the forest or district level. The model was BUCODO (see Box 12), an association of forest user groups and community associations operating for the past 10 years in Masindi District.

Box 12. BUCODO: an association of associations

Budongo Forest Conservation and Development Organisation (BUCODO) is an association of 41 community-based associations and business associations located around the southern part of Budongo Forest Reserve, Masindi. The interests of member organisations are diverse, ranging from clearly commercial interests (for example the Budongo Pitsawyers' association) to the more socially oriented community-based associations working on community health and education.

BUCODO is owned by its member organisations. The board and the executive are elected from the member community associations. The organisation has grown so large that it has now sub-divided into seven sectors, based on different specific interests (such as beekeeping, pitsawing, medicinal plant production and essential oil extraction, craftwork, and community workers providing advisory services to farmers, communities and private forest owners).

BUCODO has clearly achieved results for its members, for example:

- mobilising resources for members (donor and government funds);
- raising key issues relating to forest administration that are then presented to government through advocacy by BUCODO executive;
- capacity building of members in a wide range of skills;
- networking between sectors of the organisation;
- creating a strong sense of ownership by community members;
- introducing new income generating activities (such as medicinal plant cultivation and extraction of essential oils), and supported members of the Budongo Pitsawyers Association to access licenses.

Increasingly, the role of the former "Pitsawyers' Associations" is being integrated into such CFM associations – with the objective of assisting local community members to access licenses to harvest timber and other forest products as part of a broader negotiated agreement on community-supported forest management. NFA has shown some willingness to take affirmative action to give local community members preferential treatment in accessing such licenses, over and above the competitive bidding process they have put in place for other more commercial timber harvesters.

The success of BUCODO has been the role model for the formation of a flurry of new CFM Umbrella Organisations in other areas:

- North Budongo Forest Community Association (NOBUFOCA)
- Budongo Forest Conservation and Development Organisation (BUCODO)
- Friends of Mpigi Area Forest (FOMAF)
- Mabira Forest Integrated Conservation Organisation (MAFICO)
- Sango Bay CFM Association (emerging but not yet formalised).

Typically, the Forest Department (and now the NFA) have catalysed the formation of these groups, and helped them link with sources of external assistance from NGOs, donors and government programmes. The new EMPAFORM (Empowerment for Participatory Forest Management) Project of CARE is focusing on working with such umbrella organisations, both to strengthen them and their members in collaborative management.

The Forest Act also provides for Community Forestry, which gives the opportunity for Communal Land Associations, as provided under the Land Act, to enter legal contracts with resource users and other stakeholders which empower them to register ownership of forests on communally owned land. Again, BUCODO and a few other NGOs (Environmental Alert) have piloted Community Forestry and the associated service provision needed to support its evolution in Masindi and Luweero Districts. The Private

Forest Owners involved have recognised the importance of association to access support, and this has been one of the key stimuli in the formation of Kitara Green Associates – one of the only known associations of Private Forest Owners, in Masindi District.

Similar groupings have formed, for example in the Fisheries Sector, where government has established Beach Management Units (BMUs) to institutionalise co-management with the fisher folk under the Fish (Beach Management) Rules, 2003 No. 35, and is also supporting Lake-wide Assemblies (associations of BMUs and other commercial interests) to bring together all stakeholders for fisheries resource management planning and implementation. The Lake-wide Assemblies have yet to take off, due largely to lack of resources to meet and operate on a regular basis.

The evolution of these hierarchies of community-based, but clearly commercially oriented institutions in the fisheries sector would not have been possible without the external support from DFID in the case of Lake George⁹ and World Bank/GEF and African Development Bank in the case of Lake Victoria.¹⁰

4.4.5 Advocacy and engagement in government decision-making processes

Another factor strengthening the legitimacy of associations is their contribution to the formulation of government policies and/or implementation of its programmes. At least 45% of associations had been invited to participate in consultation processes, particularly for forestry policy formulation, NAADS, health (HIV/AIDS) and NGO policy to mention but a few. The main reason is partly the decentralised nature of the service delivery and partly the improved climate for participatory decision-making.

Importantly, 97% of associations have mechanisms to ensure that different groups (men, women, Batwa, youth, elderly and disabled) have equal chances to express their views freely. They include special outreach programmes to these groups (55%), using provisions within associations' bye-laws (24%) and affirmative action to having them represented in the management structures (18%). In Uganda, the attitude towards women, youth and the disabled has improved over the last two decades because of the government's affirmative action towards these people under several policies and laws.

4.4.6 Human resources

From the findings of the study, it was revealed that 75% of the associations did not have salaried staff working for them on a day-to-day basis while only 25% of them had salaried staff. To a great extent therefore, the spirit of voluntarism is still accounting for their resilience. Very few associations (28%) rely on part-time volunteers.

In those that had salaried staff, the qualifications of the staff were mainly diplomas or certificates (Table 12).

⁹ DFID assisted four districts sharing Lake George to form the Lake George Fisheries Organisation under the auspices of Integrated Lake Management Project. The same project is extending work to the districts sharing Lake Kyoga.

¹⁰ Under this support, Beach Management Units have been formed for co-management.

Table 12. Qualifications of salaried staff

Qualifications	Percentage
1. Diploma	30
2. Institutional Certificate	30
3. Ordinary Level Certificate	13
4. Degrees	9
5. Primary Leaving Certificate	8
6. Advanced Level Certificate	5
7. No qualification (Primary drop out)	5
<i>Total</i>	<i>100</i>

The methods of their recruitment varied. Some 56% were recruited through advertisement and interviews, unlike the balance, which was through selective sourcing. None of the salaried staff in any association had gone for further training in the last two years and only 6.5% of these were also members of the association. Failure to access training for full time staff is certainly a limiting factor to the growth of many associations. Although several training programmes are advertised in newspapers, staff of the association may not be able to afford them unless they are sponsored.

4.4.7 Ownership of assets

With regard to ownership of assets, only 16% of the associations owned offices of their own. A few of them either rented office space (26%) or borrowed it (20%). The rest operate from homes of their leaders. Other assets, which the associations held at the time of the study, are given in Table 13.

Of those that owned land and structural investments, 80% owned less than 5 acres of land, the rest had between 6 and 20 acres. The number of buildings owned by associations is summarised in Table 14.

Table 13. Distribution of associations by assets they hold

Assets owned	Percentage of all associations
1. Land and structural investments	47%
2. Transport means	37%
3. Office and conferencing equipment	24%
4. Information, communication and technology equipment	15%
5. Agro-forestry investments	6%
6. Inputs	16%
7. Construction equipment	2%
8. Shea nut hand press machines	2%
9. None	23%

N.B.: some associations hold more than one asset (hence percentages do not need to total 100).

Of the 37% of associations that owned means of transport, 80% had one vehicle and 2% had a motorcycle, 54% had a bicycle.

Table 14. Buildings owned by associations

Number of buildings	Percentage of respondents
1	58
2	17
3	17
6	8
<i>Total</i>	<i>100</i>

Only six associations owned at least one computer, and only five associations had official telephone lines. The majority of the associations lacked telephones for their contact though the majority of the leaders owned personal mobile telephones.

4.4.8 Financial management

With regard to financial management, 71% of the associations reported running a bank account. These associations had accounts in the banks shown in Table 15, with the majority banking with Stanbic Bank. The rest have never opened accounts with any bank. In a way, this is understandable: the cost of operating such accounts would outweigh the benefits since the members' contributions are generally very low.

Table 15. Distribution of associations by bank

Bank	Percentage
Stanbic Bank	67
Centenary Rural Development Bank (CERUDEB)	19
National Bank of Commerce	5
Allied Bank	2
Village Bank	2
Post Bank	2
Nile Bank	2

It was revealed that in making a transaction on the accounts mentioned above, the number of signatories varied from association to association. 87% had three signatories for any transaction while 11% reported having only two signatories and 2% had four signatories.

Some 87% of the respondents acknowledged making financial accounts while the remainder did not; 50% of those who made financial accounts last made them in 2005, 37% in 2004, 80% in 2003, 3% in 2001 and 3% also in 1997. They further revealed that the majority made these accounts public to all members as indicated by 90% of the respondents. In making financial accounts public to members, associations use several means: reading them at meetings (55%), copying them to members (25%), members peruse through them (12%) and display on notice boards (8%).

4.4.9 Measures of success, failure and relevance

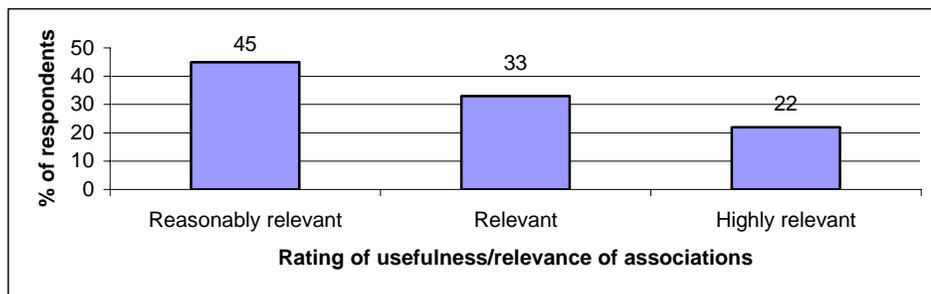
The study also sought an insight into the leaders' assessment of what has worked and what has not worked, and the reasons why. Asked about what has pleased them with the way the associations have worked, the leaders brought out three outstanding achievements, especially the cohesiveness of members (27%), income-generating activities (15%) and securing external support (10%).

Other achievements were improved agricultural productivity (8%), timely implementation of projects (8%), enhanced knowledge in environmental concerns (6%), training (6%), land acquisition (5%), increased membership (3%), access to markets (3%), ability to account for resources (3%), testimonies (3%), formalisation progress (2%) and debt repayment (1%).

Leaders have also encountered frustrations, especially failure to affiliate to other institutions that can provide support (27%), lack of capital (18%), activity failures (18%), high expectations from members for quick gains (9%) and limited alternatives of income (9%). Other factors are high transport costs (9%) and high incidence of disease among members (10%).

Despite the frustrations, leaders still consider associations relevant (see Figure 13). Those stating 'reasonably relevant' and 'relevant' argued that gains were evident, though still minimal. Awareness creation on developmental opportunities was also low but improving, and the needs of members were too many and varied to be satisfied solely by the associations. Additional gains were recorded, such as having met their objectives in the association, inculcation of environmental and natural resource management practices among members, being respected in society and observing a higher degree of cohesion among members than in previous years.

Figure 13. Rating of usefulness/relevance of forestry-based SME associations



Those with a rating of 'highly relevant' attributed it to mainly being recognised (locally and internationally) (66.7%) and having activities promising for the future benefit of members (33.3%).

Members appreciated that had it not been for resources (financial, human, physical), the successes so far would not have been possible. Exemplary leadership also keeps them together. Learning, information sharing and acquisition of assets such as land bring them additional benefits (Figure 14).

Associations can be prone to external problems, which tend to shake their resilience. Top on the list were limited support in terms of regular finance and technical assistance (which emphasises their dependence on, and expectations of, assistance from external sources), envy from non-members, disabling government policies and political interference (Figure 15). Again, it is notable that lack of access to markets is not seen as a very important issue, emphasising that many such associations are not specifically looking at markets for their gain.

Figure 14. Top ingredients fundamental to success of an association

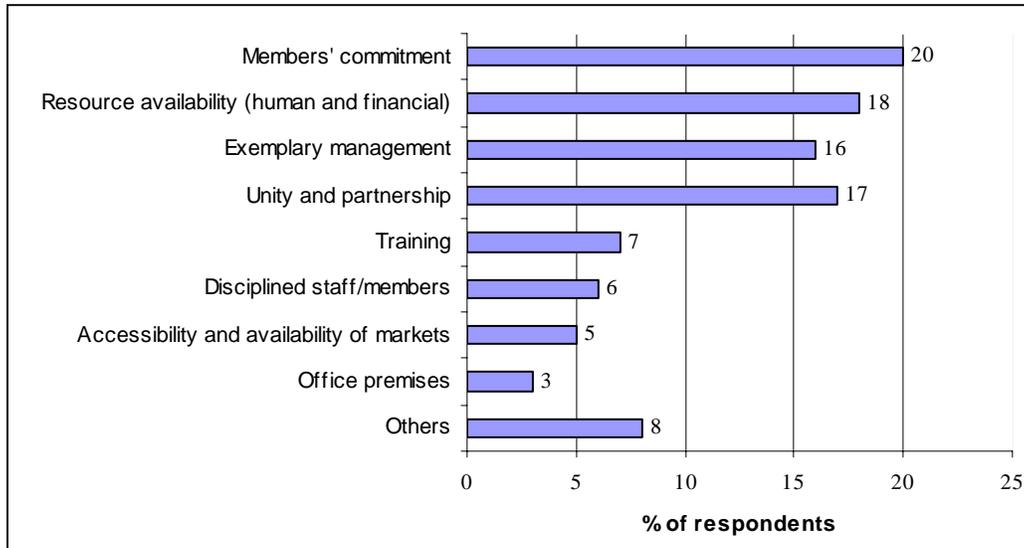
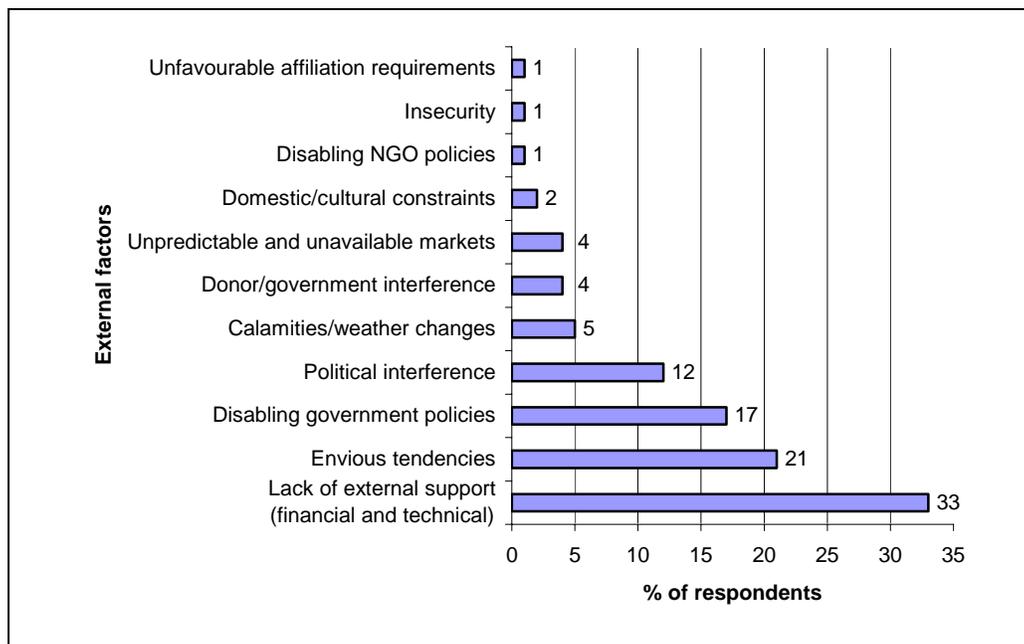


Figure 15. External factors that reduce the efficiency of the associations



4.4.10 Quality of management

Overall, 76% of the leaders presented that their associations are reasonably managed while 19% stated that they are well managed, and the rest (5%) that they are perfectly managed. There is no great surprise that none of the leaders reported that they were poorly managed. In order to improve the management of the associations, progress

has to be made in three important areas: training (42%), securing funding (29%) and adopting innovative approaches to management (10%).

Leaders appear to understand what it takes to make their associations more functional to serve the poor. Much as they acknowledge their need for external support they are also uncomfortable with external influences, which can undermine their sense of ownership of the association. Most importantly, external support must not break up the unity and cohesiveness of members. Cases were established where such incidents have happened before.

4.5 Equity: adequacy of representation of interests

4.5.1 Restrictions on membership

Equity within associations was also found to be strengthened by several eligibility criteria and ongoing obligations of membership, which members have to equally comply with. For example, membership into associations was not absolutely open-ended. It is restricted by location (40%), type of activity members are engaged in (37%), age (34%), gender (8%) and other special considerations (36%) (see Table 16). In 86% of associations, members are individuals. Only in a few cases was membership by family (8%) or institution (3%).

Table 16. Membership restrictions

Restriction	Percentage of reporting associations
Geographical areas	40
Type of activity engaged in	37
Others (disciplined youth, special groups and open to all)	36
Age	34
Gender	8

N.B.: many respondents gave more than one answer. Percentages refer to the number of all respondents who listed each benefit.

A majority of associations preferred members who are above 18 years old. In a few associations, entry was either solely for women or youth. This is for example reflected in Table 16. Besides meeting the above entry eligibility criteria, new members pay membership and/or subscription fees, commit themselves to abide by the rules and regulations of the association, and sometimes obtain a letter of reference from the LC I leader, and must have sound mind.

4.5.2 Gender equity

From the leadership angle, most of these associations tend to have fewer females in leadership positions. Even then, women were mainly taking up positions of secretary for women or as committee members representing women groups. In only few instances were women in top leadership positions such as Chairperson or Vice-Chairperson or Secretary. This was normally in women associations. Otherwise in terms of membership size, women constituted 61% of founding members in all associations on average.

4.5.3 Freedom of expression

There are also outreach programmes special as a mechanism for ensuring that different groups have chances to express their opinions. This is indicated by 55% of the respondents acknowledging these particular approaches as a means to ensure freedom of expression. It has also been shown in the previous section that members have the freedom and avenues to express their individual concerns at meetings.

4.5.4 Membership and subscription fees

Membership/subscription fees were only required in 34% of all the associations. In the rest, the respondents argued that the members are poor, and any suggestion for them to pay any form of fee would lock them out of associations' activities. The waiver on fees was predominantly true in those associations whose formation was externally motivated. On the contrary, in the remaining associations, particularly those internally driven, both membership and subscription fees are paid. This underlines the risks of developing dependency, and continued expectations of subsidy that result from external support.

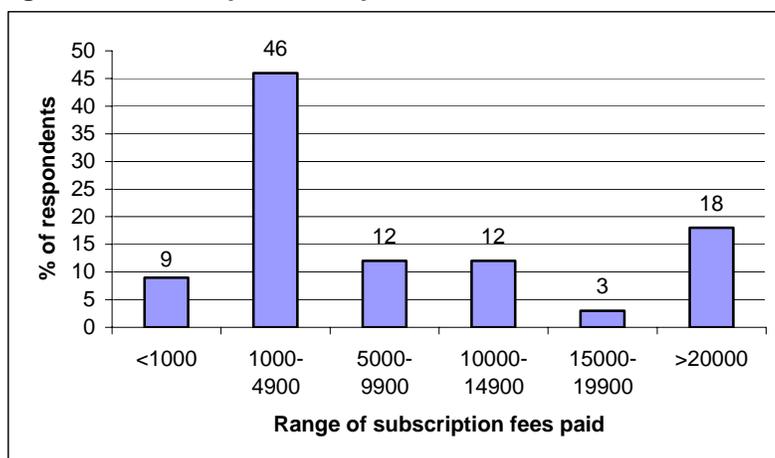
Payment of subscriptions is a good practice. It strengthens ownership of members in their associations even though sometimes the amount is low. For example 46% of such associations pay between UgSh 1,000 and 5,000. 12% pay between UgSh 5,000 and 9,900, and only 9% paid less than UgSh 1,000 as subscription fee per year. In 20% of the associations, the amount was between UgSh 10,000 and 20,000 and 18% paid above UgSh 20,000 (see Figure 16). In 15% of the cases, members paid membership fees of UgSh 20,000 and/or above (Table 17).

Almost all those associations paying high membership are commercially oriented – perhaps the few that are genuinely made up of SMEs rather than community members. Evidently, these are associations of people one wouldn't classify as poor. It is also good practice for members to contribute more for the growth of the associations advancing their cause. In most cases, membership is mainly paid once, on entry, after which subscription fees are paid on annual basis.

Table 17. Associations paying membership fee of UgSh 20,000 and/or above

Association	Amount (UgSh)
1. Masindi Pitsawyers and Wood-Users Association	150,000
2. Hoima Pitsawyers Association	100,000
3. Masindi Pitsawyers Association	50,000
4. Kalangala District Pitsawyers and Wood Users Association	50,000
5. Kantama Conservation and tree planting group	20,000
6. Iterero Tree Planting Project	20,000
7. Mushunga Batake Beehive group	20,000
8. Lira Tree Planting Association	20,000

Figure 16. Subscription fees paid in the association



4.5.5 Benefits of association

When members of associations were asked whether they had become better off, worse off or stagnated by virtue of being members in the associations, 87% stated that they had become better off than the other community members. The rest (13%) stated that there was no difference between them and the rest of community members. Reasons advanced for having become better off were: receipt of training (33%), sale of products (25%), employment (27%), land ownership (7%), pride from being considered role models by others (10%), freedom of expression (5%) and future promising prospects (2%) (see Table 18).

Table 18. Reasons advanced for being better off

Reasons	Percentages
Receipt of training	33
Employment	27
Sale of products	25
Pride from being considered role models	10
Land ownership	7
Freedom of expression	5
Future promising prospects	2

N.B.: many respondents gave more than one answer. Percentages refer to the number of all respondents who listed each benefit.

By virtue of their contributions, and associations' rule of governance, members are entitled to a variety of benefits, especially training (29%), free or subsidised inputs (21%), income from sale of products (19%) and sharing of products for domestic use (8%). The balance of expectations is spread among benefits from exchange visits, allowances during meetings, support of member projects, free health services, and financial support.

This list clearly illustrates that the majority of benefits are those that are provided by external programmes (training, free and subsidised inputs, exchange visits, allowances during meetings, free health services and financial support).

4.6 Support: the role of policies and institutions

Another key hypothesis tested was to what extent policies and institutions do create an enabling environment for associations' functionality. The most frequently mentioned policies included: the registration of associations (15%), taxation policy (15%), Uganda forestry policy and National Forestry and Tree Planting Act 2003 (14%). Other than taxation policy which respondents generally looked at as repressive, the other listed policies and laws are deemed supportive of associations' activities. Only in a few instances was tax exemption on importation of agricultural inputs highlighted as an incentive. Other supportive policies to members and/or their activities are policies requiring associations to register (25%), policy for universal primary education, health services for all, and trade policy.

Policies in which associations either still face barriers or would wish to see improvement are forest policy, taxation, micro-finance and wildlife policy. The requirement by NFA for those wishing to harvest sawlogs to replant was a barrier to associations with little capital. Taxation is still considered high. Some micro-finance institutions do not offer credit for the type of activities some associations are engaged in e.g. tree planting, agro-forestry. The Uganda Wildlife Policy does not provide for compensation in case of crop damage. This was a complaint from associations under multiple use agreements with UWA around Bwindi Impenetrable National Park.

Some members particularly in Kalangala were also not comfortable with policy requiring them to seek for a permit to harvest the trees on their private land under the National Forestry and Tree Planting Act. While the procedure to obtain a permit from NFA does not cost them any money, it costs time, which they detest.

Concern was raised that most policies are not explained to associations and under the circumstances, they may not tap opportunities some laws provide. The procedure for registration requiring compilation of the bye-laws, letters of introduction, work-plans and resolutions from previous meetings are considered bureaucratic and expensive to organise for most of these associations wishing to register with NGO Board.

Many suggestions were given by respondents as to what needs to change to improve the functioning of associations. Top on the list was support for policy awareness programmes (31%), inclusion of forestry as fundable activities by micro-finance institutions (14%), simplification of taxation (12%) and designing pro-poor policies (10%). Others include compensation against losses due to vermin in the wildlife policy, requiring associations to register at sub-county rather than at district level and standardisation of prices based on market research. Commodities which were mentioned as having big price variations by location included honey and timber.

In the National budget 2005/2006, the Minister of Finance, Planning and Economic Development submitted that whereas agriculture was the mainstay of the economy, many commercial banks were not funding it. Accordingly, he proposed that banks providing credit to farming activities including forestry would have their interest on income earned for these activities exempted from income tax. The Income Tax Act 1997 has since been revised to provide for this type of incentive. With their high operating costs and presence in urban areas, it is unlikely that commercial banks would serve the type and size of associations covered in this study. Catalytic support would be necessary instead.

4.6.1 Affiliation to other organisations

Associations are affiliated to different organisations depending on their type of activity and/or location. The leading institutions mentioned were local governments (12%), NFA (8%), UWA (6%), CARE (6%) and NAADS (5%). CARE and other international NGOs such as African Wildlife Foundation, International Gorilla Conservation Programme, Institute of Tropical Forest Conservation, were found to have long history of support to associations around the ecosystems of Bwindi Impenetrable and Mgahinga National Parks in South Western Uganda. In part, they provided support to make their own work easier and sustainable.

Uganda Bee-keepers Association, a national umbrella association, supports several associations countrywide. The National Council of Traditional Healers and Herbalists Association is also an umbrella association. It supports associations/groups in traditional medicine. Likewise, Uganda Community Tourism Association is supporting local associations participating in tourism activities in forests and parks (Box 13). It relies largely on external support to be able to operate, rather than on membership fees and as yet has not had significant impact on craft export sales, although this is one of the key areas of intervention by UCOTA. To some extent, this is due to the NGO nature of the Association – it does not have substantial entrepreneurial or business management expertise within its ranks.

These umbrella associations take on a theme around which their membership is identified, e.g. tourism, herbal medicine, beekeeping, shea-butter, etc. Thus, by working with and through such umbrella associations, government would cost-effectively reach out to the poor. Field lessons could sharpen the policy environment for sustainable development. For example in the water sector, the UWASNET, an umbrella association of water and sanitation NGOs, has influenced government to include and promote water harvesting. Accordingly, the donors into the Water Sector Fund have started to support water-harvesting initiatives. Hitherto, rainwater was not looked at as a resource, perhaps not until it reached a river, a lake or reservoir.

In forestry, the pilot projects on collaborative forest management (CFM) influenced the acceptance of CFM in the Uganda Forestry Policy and National Forestry & Tree Planting Act, 2003.

Box 13. Village-based associations get training support from UCOTA

The Uganda Community Tourism Association (UCOTA) was established in July 1998, to empower local communities in sustainable development through small-scale tourism and handcraft enterprises, also known as Community Tourism. Community Tourism aims at involving the local people in the planning, decision-making and implementation of tourism development activities. This form of tourism assures that the benefits stay as much as possible in the local community. To date UCOTA has grown into 50 member-groups countrywide, representing about 1200 individuals of whom 63% are women and 37% men.

The groups operate small enterprises ranging from accommodation, guiding services, and restaurants to craft shops and music, dance and drama performances. Most of the groups fund a community project, such as clinics, schools, water sources and literacy programmes. It also trains them in several aspects such as tourism marketing, craft-making and organisational strengthening.

Source: www.ucota.or.ug/ucota/index.htm

4.6.2 External support secured

The type of support the associations gained from the affiliation was categorised and ranked as technical assistance (42%), financing (30%), material (21%), political will (2%), land (2%) and licensing (1%). With regard to technical assistance, this is further prioritised as covering agricultural aspects (28%), environmental conservation and management (26%), and collaborative forest management (23%) and others (see Table 19).

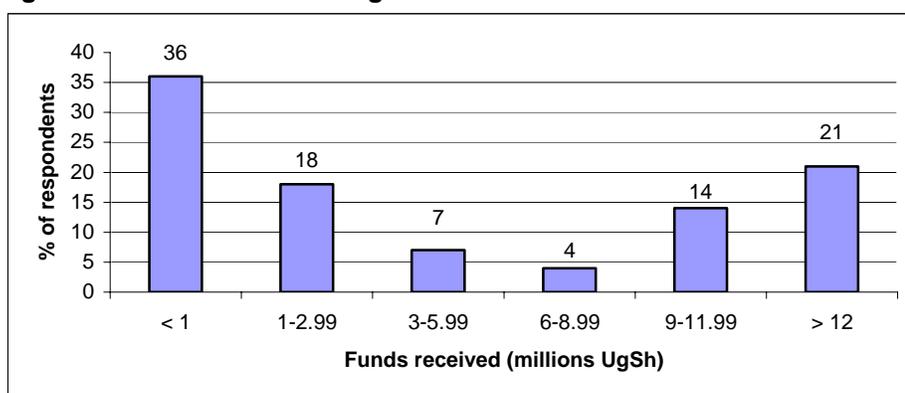
It is interesting to note that 45% of the associations that were affiliated to any institution/organisation revealed having received financial support. The rest had not benefited financially. Figure 17 shows details of funds received and percentage of respondents in those categories.

Table 19. Details of technical support/training received by association (n=62)

Kind of training	Percentage
1. Agricultural aspects: <ul style="list-style-type: none"> • Crop husbandry • Animal husbandry • Mushroom cultivation • Food management 	28
2. Office management: <ul style="list-style-type: none"> • Record keeping • Book keeping 	4
3. Environmental conservation/ management aspects: <ul style="list-style-type: none"> • Tree planting • Soil conservation • Fire protection • Species identification • Landscaping 	26
4. Management skills / timber management / collaborative forest management: <ul style="list-style-type: none"> • Need assessment • Resource mobilisation • Marketing • Policy analysis 	23
5. Tourism	7
6. Hand craft making	5
7. Health issues	5
8. Research skills	2

A few associations had financial support to a tune of above UgSh 20,000,000 (US\$ 11,000). These include: Bukunja Ngogwe Development Association (US\$ 150,000), Gipeko Women Cooperative Society (US\$ 35,000) and Bungokho Youth Development Association (US\$ 15,000). Buhoma Community Rest Camp Association and Uganda Community Tourism Association have also benefited from a series of donor grants over the years although the figures were not compiled in this study.

Figure 17. Finances received/gained from the affiliations



Some associations have taken the initiative to look for financial support to boost the operations of their associations. Seven associations had actually borrowed money and had successfully repaid (Table 20).

Table 20. Funds borrowed by forestry-based associations

Association	Amount (UgSh)	Source	Security provided
1. Tank Hill Bakyara Kwetunga Group	4,500,000	FEED and FINCA	Individual member households
2. Support for Women in Agriculture and Environment	2,500,000	Centenary Rural Development Bank (CERUDEB)	Land
3. Connoisseur Honeys	2,000,000	Church of Uganda, West Ankole Diocese	Guarantor(s)
4. Nyakayojo Alleviation Front Aids	2,000,000	Centenary Rural Development Bank (CERUDEB)	Individual member households
5. Iterero Tree Planting Project	1,000,000	Micro-Finance Institution	Tree/coffee project
6. Karambi Women United Association	200,000	Village Bank	Group guarantee
7. Kichwamba Twimukye	50,000	Centenary Rural Development Bank	Guarantor
8. Mbatamo Women's Group	30,000	Rugunga Women Group	-
9. Kyafora Catholic Tree Planting Group	20,000	Other associations	Chairman provided collateral (land)

4.6.3 Sustainability after withdrawal of support

About 77% of associations revealed that they could sustain themselves even after external support had been withdrawn. This will be possible because they have been trained, they have assets, and they have market for their products. The remaining 23% have reservations about their sustainability because of low capacities, unpredictable future and slow growth. This is backed up by the evidence that 33% of association members reported that lack of external assistance undermines the association (see Figure 15).

The case study in Box 14 demonstrates that product development and market integration can be central in ensuring sustainability of forest resource-based associations.

The reality is that associations (especially those that have been initiated by external influences) quickly stagnate, or implode, when such support is actually withdrawn. While the story is mixed up with that of the conflict in the north, it is clear that NUSPA (North Uganda Shea Producers' Association) suffered a heavy blow when USAID funding was withdrawn and if it exists at all today, it is more in word than deed.

Box 14. Timeline of shea nut butter development by associations in Northern Uganda

1995-97:	USAID supported COVOL, a non-for profit organisation, to develop a set of integrated programmes in technology development, product and market development, rural credit, environmental education and applied research on the shea resource, collectively called the "Shea Project".
1996:	Technical experts from Ghana helped COVOL to develop a technology package for improved shea processing, manufactured in northern Uganda by SAIMMCO workshop at Soroti, based on a simple hand-press and a diesel-powered grinding unit.
1996:	Over 400 CBOs with a total membership of more than 10,000 farmers, of which two-thirds were rural women, were formed.
1997:	Shea-butter producers of northern Uganda formed a national marketing association called the Northern Uganda Shea Producers Association (NUSPA). It has total membership of 2,000 members.
1998:	USAID, Mcknight Foundation and the European Commission, supported the expansion of the project in 2002: northern Uganda districts.
2000:	USAID withdrew funding from the Shea Project due to the perceived "commercial" nature of the project managers and concerns about accountability. The Association inevitably lost some impetus, particularly because they had depended heavily on the NGO to secure export markets for their produce.
2002:	Lord Resistance Army rebels disrupted the working of the associations. The NUSPA effectively collapsed and harvesters, traders and processors once again began working as individuals, although they retain some linkages.
2004:	GURU-NANAK, a private firm established a shea butter processing cottage industry in Lira, and started linkages with individuals (many of whom had been members of the association), to purchase produce.

The type of support received (technical assistance 42%, financing 30%, and hardware/materials 31%) is good evidence of success in accessing external programmes. Free and subsidised assistance has to a large extent become a surrogate for real markets: success of CBOs is often related to their ability to access such support for their members.

In Uganda, there is an array of programmes offering grant support and free technical services to rural communities for all kinds of activities, often in areas of social welfare such as health, education and environment but also to stimulate income-generation.

It is wholly understandable that accessing such support is indeed seen as an immediate success, but there are some longer-term consequences and concerns that have been raised by a number of well-informed development professionals. These concerns are summarised below:

- Where subsidies sustain otherwise unprofitable enterprises, or associations where costs of running the association are greater than the benefits (excluding subsidies) of membership, then the enterprise or association only lasts as long as the subsidy. Example: widespread promotion of 'wonder trees' such as *Moringa oleifera*, Neem – *Azadirachta indica*, etc. There is a long list of associations that have only functioned for as long as a particular grant.
- External assistance has often subsidised inputs for a select few members of a 'recognised group', thereby distorting the market for others. Example: subsidised community nurseries have often unintentionally put private 'entrepreneur' owned nurseries out of business.
- Successful associations access a disproportionate slice of the available assistance compared to less known associations, or those who are not in groups, simply because the 'donor' policy requires that beneficiaries must belong to a group, and be 'proven successes'. The poorest members of society find it most difficult to form or join groups. Example: migrant workers who are not part of the community are often excluded from community groups. Some well-known associations have consistently accessed more and more resources, growing into 'elite' associations, while other associations receive no support at all.

A number of programmes are aiming to develop the entrepreneurial and technical skills of community members. They are also attempting to remove impediments to accessing the necessary finance, inputs and markets for produce at a good (but not subsidised) price. Such assistance is more likely to ensure the long term ability of CBOs to evolve into market-oriented associations that support members develop new products, access new markets and grow their respective enterprises.

Donors need to plan in advance when and how to stop providing assistance to SME Associations. Once the skills have been transferred, and viable enterprises initiated, then a strategic weaning process should be implemented, mutually agreed with the beneficiaries. After which time the association and its members should be able to source external assistance on a commercial basis.

Associations seem to know what is good for them. When asked what they recommended for ensuring long-term sustainability of associations, members prioritised the following:

- comprehensive institutional and capacity building programme supported by the donors,
- training in entrepreneurial development,
- strengthening partnerships with research institutions, and
- improving access to low-cost technologies.

5. Further analysis

5.1 The missing small and medium enterprise associations

The study has highlighted many key aspects relating to forest-based associations in Uganda and how they function. There is clear evidence that rural communities have been associating successfully for years and the majority have achieved quite advanced levels of governance, equity and success for their members. By most definitions of small or even micro-scale enterprises, their members would not qualify as the typical enterprise. In total, 86% are comprised of individuals who have close social ties, and associated in large part to achieve social cohesion or access external assistance.

The PEAP and its implementing framework puts great emphasis on economic growth – equal to, if not over and above the provision of social services and safety nets – as the route to sustainable development. Such economic growth is to a very large extent envisaged to rely on the flourishing of SMEs to generate additional income, employment and improvements in competitiveness.

However, SMEs operating in the more commercial arenas of the forest sector and downstream processing show much less evidence of successful association. In fact the opposite is true – a few associations have been formed, but most have fallen apart, as concluded by Auren & Krassowska (2004). Box 15 summarises the story of the various associations that have formed and collapsed in the commercial forest sector over the past 20 years.

Annex 1 summarises the status of association in the main areas of the forestry sector. In the commercial sector, there is least evidence of successful widespread association. So why have commercially oriented SMEs found it difficult to associate in the same way as community members?

This can in large part be put down to the fundamental differences in the nature of the membership of each enterprise – commercial operators function in competition with each other, and have few social ties. Table 21 summarises some of the key differences between the typical traits of a community-based organisation and a commercially oriented SME association.

Box 15. Ten years of chaos among the Commercial Forestry Associations.

The Uganda Forest Industries Development Association (UFIDA) was officially registered as an NGO in 1990 after 10 years of evolution as an informal group of sawmillers. At its peak, it acted as an umbrella association for 20 district level sawmillers' associations in districts that had either plantations or natural forests allocated to production. Most of its members would fall in the category of SMEs – only a minority would qualify as 'large'. All could be considered wealthy and employed substantial workforces.

UFIDA's main objectives were (1) to develop sustainable industries, underpinned by secure access to longer term concessions (5-10years), (2) to revise license conditions to be more appropriate, (3) to access favourable conditions of credit with development banks, (4) to access government and donor funded training programmes, and (5) to influence major policy and legal reforms which were ongoing from 1998.

In 2002, a break-away group, called the Uganda Commercial Tree Farmers and Sawmillers' Association (UCTF&SA) was formed, purportedly because they felt that their views were not being adequately represented by UFIDA. There were also clearly some personality issues at stake. UCTF&SA included a secondary objective of commercial tree farming, the intention being that sawmillers would reinvest profits in tree planting. This added objective diluted the focus of attention.

The splitting of UFIDA fragmented the position of the sawmillers. Both umbrella associations publicly criticised each other, and neither were able to consult effectively with the NFA or the preceding Forest Department. While they had genuine concerns and some sensible suggestions, the Associations' style of engagement was wrong: they behaved like "rebel groups", fighting for preferential treatment instead of presenting a common front and negotiating. Well-qualified observers report that one faction had the hidden intention of seeking preferential access for its members by linking closely with high-level government officials. In the environment preceding the institutional reforms in the forest sector, such influence was commonly used within the Forest Department. This perception (right or wrong) further fuelled the conflict between the two factions. Both lost credibility, and sympathy of the NFA and its parent Ministry.

As a result, both associations failed to get what they wanted for their members: they did not convince the current forestry administration to allocate long-term concessions; instead, NFA have opted for publicly auctioning short-term licenses for fixed volume coups. With greatly restricted access to both plantation and natural forest timber resulting from better controls by the NFA, the prices of standing volume timber rocketed, and sawn timber rose correspondingly from 2003.

Most of the UFIDA members who had previously invested heavily in efficient sawmilling equipment have subsequently failed to secure even short-term licenses under the new system – they claim that newcomers with poor understanding of the industry, low investment in equipment and intentions of short term gains are bidding over the odds for the standing volume imagining that the higher sawn timber prices will justify the extra expense. Anecdotal evidence suggests that some new licensees are failing to make a profit – they are giving up, or failing to meet payment schedules.

The outcome is that both associations have suffered. UCTF&SA officially disbanded in 2004. With so little plantation timber resource left (due to many years of no investment in plantations during the 1970s to late 1980s), UFIDA has to rethink what it can offer its members in future, broadening its mandate to include secondary processing (forest industries, such as furniture making) which has for long been characterised by lack of effective association. There is little strategic direction being offered to the forestry private sector by the Forest Inspection Division (Government regulator) or the NFA, and no dialogue has been held with Private Sector since NFA was formed in early 2004, weakening the resolve of private sector to reorganise and engage effectively with the authorities to plan for the future.

At the time of writing, a new commercial tree planters' association (name not yet final) is being formed, stimulated in large part by the EU Sawlog Production Grant Scheme, which gives 50% grant funding for tree planting against strict quality standards. It is envisaged that the new association will continue to develop and disseminate better standards, lobby government to invest in Research and Development, influence policy, share experiences, provide training for members in new skills and techniques, persuade commercial banks to support forestry, educate the tax authorities on forestry investments, import inputs (seed, sprays, equipment, etc.) in bulk to reduce costs, and last but not least, raise the welfare standards for workers in the forest sector – SPGS Grants will be made conditional upon such standards.

5.2 Small and medium enterprises, associations and poverty alleviation

5.2.1 Difficulties in business associations, outside the community setting

On-farm tree planting (primarily for subsistence), harvesting of Non-Timber Forest Products (NTFPS such as medicinal plants, honey, shea butter) and collaborative management of Forest Reserves and National Parks are the most common forestry focus of the associations reviewed in this study. These are the kinds of activities most frequently associated with poverty alleviation in the Forest Policy and the National Forest Plan.

It is important to explore how the spirit and evident success of association at grassroots level can be taken a step further than social cohesion and meeting household subsistence needs. Human development and social empowerment are extremely important, as emphasised under Pillar 5 “human development” of the PEAP, and the MDGs. But activities of social development organisations are often focused on coping with the day-to-day stresses of poverty and less on escaping it in the long term through economic empowerment.

Community-based associations have made great strides in accessing resources for local use and trade, but neither the rural poor, nor their associations have been very effective in penetrating the more commercial forestry opportunities, such as tree planting for timber, sawmilling and forest produce trade (except for a few notable exceptions). This may not be surprising: they require large investments of land, capital and labour, and have long pay-back periods, none of which appeal to the poor.

Pitsawing is perhaps an area where the poor are most obviously involved (it is labour-intensive, but requires very low capital investment). But unless they access the licenses themselves, the lion’s share of any benefits goes to the licensees, who have typically been urban-based businessmen. Many of the so-called “Pitsawyers’ Associations” formed at district level have been dominated by businessmen, rather than those who actually do the sawing. Even when those who do the physical work (sawing, head-portering, etc.) have been involved in the associations, they have sometimes been more so as employees of the leaders, than equal members. These are businesses disguised as associations. Again, there are a few exceptions, and Davidson & Krassowska (2005) have prepared a useful ‘power tool’ that helps the development practitioner to facilitate pitsawyers through the process of organising themselves to compete.

5.2.2 Going beyond social empowerment

How can community-based associations be supported to increasingly tackle some of the more economic development objectives outlined under Pillar 2 “Enhancing production, competitiveness and incomes” where SMEs are primarily targeted?

There is evidence that even associations that form primarily for social objectives often achieve better market access (26% of members raised this as the main benefit of association). They also remarked on improved product prices (33%) with corresponding improvements in income for their members. These benefits are unanticipated – only 2% of leaders/founding members quoted market access as a

motivation for association. The main source of income for these associations (as distinct from their members) has been donor grants and technical assistance. Some 65% do not charge any membership fees.

There are clearly some exceptions – the Arua fuelwood growers have been able to form strong associations to meet a commercial demand, and the Kamusiime Memorial Rural Development Association have successfully established timber plantations. Perhaps what distinguishes these two case studies from many other markets is that they remain local (growers can sell directly to end users missing out the middle man) and the growers remain closely tied in social terms – they are still from the same families and villages. When markets become more remote, or less homogenous, and SMEs are run by individuals without strong social ties (such as urban-based carpenters), then it seems to be much more difficult for them to associate and/or remain cohesive.

There are some outstanding conundrums. For example, commercial enterprises, which better match the definitions of small to medium scale, are typically not owned by the poor. Entrepreneurs are almost by definition better off than most. They have already ascended out of the subsistence rural economy, even if they remain farmers albeit successful commercial ones. These commercial forestry enterprises are relevant because the estimated 800,000 SMEs in Uganda (across all sectors) do employ about 90% of the non-farming workforce and contribute more than 20% of GDP. Thus they are a crucial engine for economic development: they are growing fast and generate more and more jobs, but in the context of widespread under-employment, they are able to hire labour at very low rates.

The government turns a blind eye to the fact that even 'large scale' enterprises pay less than the recommended 'minimum wage' of UgSh 60,000 (US\$ 33) per month and do not provide health and safety for workers to officially required standards. Owners readily tell their employees that there is an unending supply of people ready to work for the same amount, and argue to the outside world that paying more for labour than the competition would be counter-productive. The participatory poverty analysis revealed that while there is a steady increase in GDP, there is an ever-widening gap in wealth equity (MoFPED, 2002). A few entrepreneurs are capturing most of the gains. The question is then how to ensure that successful SMEs benefit not only their owners, but also their employees?

This is a serious problem that some believe can only be solved when government regulatory systems and watchdog organisation are functioning properly and level the playing field for all employers (SMEs included). The problem is especially acute in developing countries, such as Uganda, which suffer from chronic dysfunction in many parts of the public service. Government imposed employment standards are widely considered to be still some way off.

The only promise of an earlier salvation lies in the establishment of voluntary standards (ISO, Forest Certification, etc.) that both raise the bar for employers, in a way that can be independently verified, but also generate some commercial advantage for subscribers. In an environment that is rife with problems of integrity, the certifiers need to be truly independent (financially, etc.) from the companies wishing to be certified as meeting the standard.

But Corporate Social Responsibility (CSR) is low on the list of priorities for SMEs, and there is often no pressure at all from their clients (who might also consider themselves poor) to improve CSR standards. Instead, customers want the cheapest products, even if the quality is poor.

So what does all this have to do with associations? We observe a close link between standards of production demanded by the market and the relevance and success of associations. The industries in which associations are most vibrant are those whose commodities cannot be sold at a good price, or at all, if standards are not met. Ugandan producers and exporters of commodities such as flowers, horticultural crops, fisheries, organic foods, honey must meet quality and hygiene standards or entire consignments can be rejected. Vanilla, coffee, cocoa and tea prices are only economically rewarding for high-grade samples.

5.2.3 Standards – a necessary driver for commercial associations?

Associations have a vested interest to ensure that all their members meet standards, or else the entire industry can suffer. In 1999, the fish export industry was closed down overnight, as a result of fish poisoning and poor handling techniques contravening EU hygiene regulations. The floriculture industry has to comply with phytosanitary standards and cannot use chemicals banned in importing European countries. Standards are being introduced to the hotel industry within Uganda, which stimulates the Uganda Hoteliers' Association to reinvigorate their activities and professionalise.

Associations help their members to meet standards, and higher prices for better standards provide the necessary niche markets towards which members can aim, and if they succeed, be rewarded.

We conclude that associations will advance hand in hand with raised standards in the forest sector. This is already starting to happen in the commercial plantation sector (see Box 6 and last paragraph of Box), but has some way to go in the timber harvesting and processing sectors. These standards are in large part not being introduced by government, but by independent bodies and by customers.

From other ongoing research, the authors have good evidence that there is a growing clientele of businesses and educated persons in Uganda who would be willing to pay a higher price for timber products if they could be assured that they were buying timber from a responsibly managed source, as verified by an independent audit. This is a first step towards forest certification with its multitude of criteria. While full certification is a long way off and probably has a very limited domestic market, taking the first step towards improving standards is important. A minimum standard of responsibility includes:

- Legality of the source (all legal procedures have been followed and all taxes and dues paid).
- Human rights have not been abused (this may include adequate pay and social welfare of its staff).
- Forests from which produce is sourced have not been converted to other non-forestry uses.

5.2.4 Access to finance to develop forest-based SMEs

As seen in the field surveys, forestry SMEs have particular difficulty accessing finance for the development of their SMEs. In Section 1 it was observed that large banks use their own definition of SMEs, and MFI expect high interest rates and immediate pay-back schemes, often not lending for more than a six-month period. Neither are accessible to forestry-based SMEs that typically cannot afford to pay high interest, and need more time to pay back loans than the typical MFI time limits.

Donor funded programmes have also characteristically supported national budgets and institutions and larger scale enterprises, rather than micro or SMEs. The assumption was that those governments would then address the needs of the poor through either “getting the prices correct” or “undertaking good public planning processes”. Given that the last half-century of development assistance shows disappointing results in many countries including Uganda, countries must adapt to hand over greater power to pro-poor local institutions. This case is urgent because apparently, the achievement of most of the MDGs can best be tracked at local level.

5.3 Traits of success and failure

From all the above findings, we have identified a number of key characteristics of what makes an association succeed, or fail. The list in Table 21 combines the key factors for success provided by members of associations, merged with those traits identified by a number of professionals in the field who are external to the associations themselves.

Table 21. Comparison of typical features of community-based associations with SME associations

Key factors	Community-based associations	Associations of commercial SMEs
Examples	<i>Community tree planting or honey harvesting groups</i>	<i>Pitsawyers/sawmillers/timber traders/carpenters</i>
Objectives	CBOs typically have multiple objectives, across sectors (e.g. health, agriculture, forestry and environment). This dilutes impact in any one field but increases chances of accessing some form of assistance from government/donor programmes.	SMEs are typically focused on single activities. Mixing the objectives of SME associations has often been the downfall of the association, confusing the agenda and leading to conflicting interests between members, and confused messages being transmitted to external agencies.
Unit and motivation for membership	Mostly individuals or families, who are interested in their personal welfare.	Businesses (typically represented by their owners) who are interested in company profit.
Social cohesion	Strong social cohesion due to their family, ethnic and geographical ties.	SMEs are typically from socially and geographically disparate backgrounds and may not have known each other for long.
Mutual trust	Members have known their leaders for a long time. The need to retain respect within the community at large underpins the trustworthiness of leaders to members.	Members have few social ties. Since they compete, commercial associations are less willing to share information, or techniques with other members.

Key factors	Community-based associations	Associations of commercial SMEs
Accountability to members	These associations often have limited or no financial or material assets to handle. If problems arise, all members are part of the same social network and can resolve their problems within existing social frameworks.	Greater financial resources demand corresponding accountability. If problems arise, they must be dealt with by the association. Leaders often are not accountable to members outside the context of their association. Social peer pressure within a broader community does not bear weight.
Competition between members	Typically members are not competing with each other – they are minor players serving very large markets. Success of one member does not undermine the opportunities available to others.	Commercial companies are typically few, and targeting a limited market (e.g. furniture customers in a particular street/town) and/or trying to access a limited resource (e.g. timber harvesting licenses). They are directly competing. Success depends on winning preferential access to such markets and/or resources.
Benefits of collaboration	Collaboration can address mutually felt problems. Gains for one member are likely to be gains for all others.	Benefits of collaboration are not so obvious. Standards of production are often low, and customers unwilling/unable to pay for improved quality.
Main sources of income	Main sources of benefit for members are: improved access to funds, and technical assistance from donor/government programmes and the improvements this brings to their welfare and income-generating activities.	Revenue from commercial trade and membership fees. Free vocational training is sometimes accessed for members from external assistance programmes.
Influence on policy and its implementation	Associations focus mainly on the internal factors within their control (internal policies and rules) that help them achieve resilience, cohesion and equity. CBOs have limited influence over external factors such as policies, regulations, standards and markets.	Associations have targeted high level policy makers, law enforcers and administrative officials. Associations have historically been able to influence policy formulation, the allocation of licenses and the development, or avoidance, of rules and standards.
Competition	Associations may be many within one community, and compete for membership and external funds, but do not confront one another.	Associations have split and engaged in acrimonious battles that have harmed their reputation.
Attitude to 'rules'	Communities set rules for themselves and can self-regulate the behaviour of members.	Rules typically set by external agencies, e.g. Forest Department. Members have limited control over the enforcement of rules to ensure a level playing field. Breaking rules gives any one member a competitive advantage over others.
Impacts on poverty	Associations often include diverse range of community members (incl. the poor) and have social welfare as one of their key objectives. They typically address key dimensions of human wellbeing (material subsistence, security, relational equity, cultural identity) but have limited impact on developing new economic opportunities.	Associations are focused on improving the material subsistence and economic advancement of members, often to the exclusion of other aspects of human wellbeing. Thus they are often derailed by internal competition and financial matters, because social ties between members are not strong, and the <i>raison-d'être</i> of the groups is not founded on unity but commercial advantage.

Table 22. Nine key traits of successful and failing grassroots associations

Criteria	Traits of success	Traits of failure
Leadership	Led by a “champion/trailblazer” who has a selfless attitude but strong leadership qualities. Must be influential in getting members to buy into a vision. They need not be educated but must have integrity and honesty.	Lack of entrepreneurial mind. Strong leadership is not in itself enough.
Integrity and honesty	Characterises the leadership, executive and all operations of the association. Leave behind structures and resources that service the long-term success of the association.	Individual interests of leaders impinge on the interests of the association. Stated objectives of fund-raising and activities of leaders hide ulterior motives.
Organisation	The association ‘Corporatises’ itself as it grows. Develops a corporate/business plan and a strategy for development that present a Common Vision. Develops policies on e.g. Human Resources which help deny jobs to incompetent persons.	No strategy or business plan. Common vision or clear policies results in divergence of activities and lack of direction.
Financial Discipline	Linked to corporatisation – financial policy/ manual defines what the association can, or cannot, spend money on. Defines the decision-making powers of the executive vis-à-vis expenditures. Do not over-borrow, even when banks are offering to lend.	No financial policies results in funds being squandered on non-priorities of the association, even if with good intentions – helping relatives etc. Borrowing funds that cannot be repaid.
Focus	Maintain a clear focus. Avoid over-diversification and over-expansion without correspondingly adjusting the corporate structures, financial management procedures etc. Achieve slow but sure growth.	Early success results in executive/ outsiders wanting association to expand rapidly (in terms of scale of operations or geographical coverage) or diversify (types of interventions) without building corporate structures and developing policies to manage expansion.
Democracy & succession planning (<i>very delicate in Africa!</i>)	Majority of board members replaced periodically but always retain 2+ former members for continuity/institutional memory.	Founders/leaders unable to give members democracy, or “step down” and hand over control to next generation.
Tangible benefits of membership	Benefits can be clearly articulated. Offer remedies for common challenges/ impediments (such as raising and meeting higher quality standards).	Benefits are vague or selectively available to only some members. Impediments are overcome for only a sub-set of members.
Managing visibility	The ‘brand’ or name of the association is emphasised over the identities of its leaders. Individual identities are suppressed.	Identity of association is not distinguished clearly from its founders and/or leaders. Personality cults develop.
Independence	Association builds its own means of survival, independent of external assistance. External assistance is secondary to self-initiated development.	Association develops ‘dependency syndrome’, unable to invest own resources and energies instead focusing efforts on looking for another ‘hand-out’.

6. Recommendations and conclusions

6.1 Recommendations

Throughout this study, various ideas have emerged as to how pro-poor associations can form and be supported. This section provides a summary of the problems identified, the recommended actions and what forest sector actors should/could implement those actions (see Table 23).

6.2 Conclusions

Forest-based associations are key pro-poor institutions, mainly found in rural areas. Although forestry is one of their activities, they may have diverse activities in other area such as savings and credit, health and agriculture.

Forestry SMEs are characteristically formed to perform self-help functions and to access external development assistance (training, resources, financing, etc.) rather than new market opportunities. The huge supply of development assistance in Uganda has become a 'surrogate' market that drives associations, risking that in the long term such associations will collapse or become inactive with the withdrawal of support, unless they benefit from such assistance to also access new and sustainable commercial markets for their products and services.

Rural community-based associations have been much more successful than those trying to engage SMEs in the more commercial arenas of the forest sector. To some extent this gives the community-based associations an advantage, but the disorganisation in the rest of the sector (often the upstream markets for the community-based enterprises) negatively affects all suppliers in the chain: standards are not developed and/or observed, better quality is not remunerated, illegal activities are allowed to proliferate (suppressing market prices) and social responsibilities are bypassed.

While the Forest Policy and National Forest Plan "say all the right things" about SMEs and their better organisation, the bulk of technical and financial assistance for SMEs and their associations is not being channelled through the forest sector. The forestry SMEs and the forest sector coordinating bodies, such as the Forestry Inspection Division and the NFA, need to forge closer links with other (non-forest) sector programmes and raise the profile of forest-based SMEs as a means to both poverty reduction and as enterprises with good potential to stimulate rural economic development. Key themes would be diversifying from agriculture and supplying both bulk and niche markets for forest products that are rapidly becoming under-supplied due to the history of unsustainable resource exploitation.

A series of recommendations has been made that target particularly the Forestry Inspection Division, which has the mandate to coordinate the sector, but recognises that even the FID lacks capacity and resources to implement most of the envisaged activities. It therefore needs to operate in a catalytic role, bringing the right partners together and identifying potential sources of funding (either from existing non-forest sector programmes) or drafting new funding proposals that can support the implementation of pro-poor forestry investments.

Table 23. Recommendations

Problem identified	Proposed action	Who should do it?
No clear policy or definition of SMEs or their associations and insufficient SME inputs in policy development.	Feed lessons of this study into the forthcoming drafting of an SME policy. Ensure that key policy makers attend feedback workshop. Ensure that representatives of SME associations participate in the development of policies designed to assist them, and ongoing lobbying efforts.	IIED research team, in conjunction with Forestry Inspection Division (FID).
Insufficient training and capacity-building available to existing Forestry Associations.	Link existing forestry associations to programmes and service providers in a comprehensive capacity building programme to help leaders and members to review existing documentation, structures and procedures to comply with identified best practise. Catalogue areas of support that are available to SMEs and their associations and disseminate to known forest-based SMEs and their associations.	Linkage by FID, NAADS, and other programmes. FID/NFA to catalogue and disseminate list of Service Providers. SPs can be funded by grants from projects.
Forestry Associations often overlooked in other (non-forestry) sectoral strategies and their implementation programmes.	Raise profile of Forestry Associations in NAADS. Establish forestry-based 'clusters' in the context of the MTCS and link them with the various existing SME support programmes (PSFU, UIA, Enterprise Uganda, Gatsby Clubs, EMPAFORM, SPGS, PRIME-West, SNV Private Sector Development Program, Plan Vivo, NFA's Private Forest Promotion Centre, etc.).	FID and sectoral Projects to link SME associations with key SME sectoral programmes. District and national level advocacy groups.
Non-community-based SMEs find it more difficult to associate and/or survive.	Identify key SMEs that are typically not community based, but clearly still pro-poor (pitsawing, charcoal harvesting, carpenters, craft-workers, etc.) and potential development partners that can take them through the 'Power Tool' procedures to organise them and build organisational capacity. Explore potential for SMEs to join existing SME Associations (USSIA, Gatsby Clubs, etc.).	Organise training programme for existing project/ NGO facilitators in Power Tools for SME group formation.
Forestry SMEs have difficulty in developing new products and markets (especially for environmental services).	Link SME associations to commercial traders and support organisations (such as UCOTA, Horizon 3000, Gatsby Clubs) to develop and produce new products and link them to domestic/export markets. Work with existing projects procuring environmental services from farmers and link with Forestry Associations.	FID to sensitise key existing programmes re: SMEs and send list of existing initiatives to SMEs and Associations.
Forestry SMEs have difficulty in negotiating prices with buyers higher up the market chain.	Better organise and coordinate producer SMEs into associations to give them stronger bargaining power and ability to cost-effectively gather and share market information. Bulk up forestry produce, and introduce grading for quality to improve ability to negotiate for better prices (because buyers' transaction costs are reduced, and quality produce is available and rewarded).	SME Associations, with facilitation and training from service providers.

Problem identified	Proposed action	Who should do it?
Difficulty experienced by SMEs to access finance.	Help forestry SMEs understand the value of grouping and association to access external finance and lobby banks & MFIs to support forestry SMEs. Link SMEs to existing facilities such as Gatsby Clubs, and District Private Sector Promotion Centres.	SME associations with support from FID. District and National level advocacy groups.
Poor understanding of financing needs of SMEs and their viability.	Work with commercial banks and MFIs to explain the forestry business to bank decision makers, and identify areas where they can support forestry SMEs.	SME Associations, with support from FID.
Existing SMEs do not look after employees' welfare or invest in their skills improvement.	Explore potential standards (SPGS, Responsible Timber Procurement, labour laws, etc.) as a means to promoting best practise (pro-poor, improved techniques, etc.) and encourage SME owners to adopt standards. Highlight to employers and SME owners the value of 'investing in people', in terms of remuneration and training and marketing as 'responsible' businesses.	SME Associations, district and national level advocacy groups.
No functional umbrella association for the forestry sector SMEs.	Bring forestry associations together to explore potential for establishing one or more umbrella associations for forestry SMEs in key sub-sectors (e.g. tree planting, charcoal production, timber harvesting, forest product processing) – perhaps based on an existing association (such as UFIDA and emerging commercial Tree farmers' association). Review and revise mandates and procedures of existing SMFE associations to accommodate poorer SMFE members.	Meeting to be convened by FID and the key Associations with donor support for the costs.

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Annex 1. Range of associations in the forest sector and their envisaged roles for the future

Forestry niche	Existing private sector associations	Relevant future role for associations envisaged by members
Natural forest management on private land	Only one known private forest owners' association: Kitara Green Associates Ltd, Masindi District.	Network with other private forest owners. Seek technical and financial support for private forest management. Create awareness of environmental conservation and promote the management of private forests. Research niche markets for sustainably produced timber and environmental services (such as watershed management and carbon sequestration).
Commercial tree planting in forest reserves and on private land	Uganda Commercial Tree Farmers and Sawmillers' Association (a national level association) now defunct. Uganda Tree Growers' Association: an up-coming new association focusing on larger-scale commercial plantations. One small-scale tree farmers association (Uganda Wood Farmers Associations). 40 members focusing on pole crop production.	To promote private growing of quality wood products through proper management and critical self-analysis to improve standards. Provide farmers a forum for advocacy on policy formulation and key issues to local and national government and NFA. To share labour and jointly tackle problems with the relevant government authorities and local governments and communities. Preparing joint management plans, maps, surveys and applications for grant support for areas where members plan to plant.
Farm forestry, NTFP harvesting, bee-keeping & other groups	Multitude of farmers' groups and community-based associations. Beekeepers' Associations, etc. The North Uganda Shea Producers' Association – now largely defunct.	Promoting tree planting and NTFP cultivation (including bee-keeping) for both subsistence (fuelwood, poles and timber) and income generation (sale of produce). Sharing processing units and joint marketing. Sharing experiences and information. Joint training.
Primary processing: Timber harvesting and trade	Pitsawyers' Associations at District level – mostly failed. Uganda Forest Industry Development Association – a national level association that is currently very weak.	Promotion of a level playing field for licensing, better standards of product and more efficient and socially responsible production methods.
Secondary processing	A few examples of carpenters' associations, most of which have failed. One known to exist in Mubende town. Uganda small-scale industries association – very few members are in wood processing, and USSIA puts no focus on it.	Levelling the playing field for accessing forest produce licenses. Lobbying for longer-term concessions to justify higher investment in more efficient processing equipment. Promoting the development of product standards and improved health, safety and welfare standards for employees.
Community-based tourism	A few community-based tourism ventures around high-profile protected areas, run by community associations mostly initiated and financed by outside donor-supported programmes. National level (Uganda community tourism association) weak on commercial aspects of tourism and craft promotion.	Liaise with private sector and protected area authorities to maximise opportunities for forest-adjacent communities to benefit from tourism. Promote appropriate and coordinated development of tourism infrastructure, crafts and services within local communities.
Sector governance	Uganda Forest Working Group. Various coalitions of environmental advocacy NGOs, and environmental professionals. Coalitions of national and district level NGOs promoting the implementation of existing forest sector policy and legislation.	Ongoing lobbying for the proper financing, implementation and future evolution of the National Forest plan, policy and legislation. Monitoring public sector agencies and institutions against their mandates and performance contracts with central government. Lobbying for social justice and equity in the implementation of all aspects of forest policy.

Annex 2. List of associations studied using questionnaires

Name of Association	Category	Location (district)	Contact person	Tel. contact
1. Nkuringo Conservation Development Foundation	Forest-based services Forest-based service providers	Kisoro	Sabiiti Chrisostome	077-313163
2. Rutugunda Forest Society	Primary processing and forest-based service providers	Kanungu	Mrs Rosette Tumwesigye	077-888235
3. Nyamabare Bee-keepers Association	Production, primary processing and forest-based service providers	Kabale	Twinomugisha Deus	078-809974
4. Muko Two-Wing Agro-forestry Network	Production and primary processing	Kabale	Safari Vivian	078-441965
5. Ndorwa Agro forestry Association	Production	Kabale	Sam Ndaaba	077-621991
6. Rukungiri Functional Literacy Resource Centre	Production, forestry-based services and Forestry-based service providers	Kanungu	Banobi Herbert	077-930304
7. Buhoma Community Rest Camp Development Association	Forest-based services (tourism)	Kanungu	Kubarigira Christopher	077-901628
8. Nteko Resource Users Association	Forest-based service providers	Kisoro	Rwarinda K. Damiano	-
9. Karangara/Ntungamo Forest Society	Production, primary and secondary processing	Kanungu	Charles Kasamunyu	078-425911
10. National Council of Traditional Healers and Herbalists Association, Kabale branch	Production, primary processing and forest-based service providers	Kabale	Mugisha Charity	077-665547
11. Byamuhanda Kaara Bee-keepers Group	Production and primary processing	Kabale	Sabiti Eriya	078-970656
12. Bwindi Neighbourhood Modern Women Beekeepers Group	Production and primary processing	Kabale	Twinomugisha Deus	078-809973
13. Kabale Agro-forestry seed suppliers association	Production and forest-based service providers	Kabale	Tumwebaze Emmanuel	077-557418
14. Keirere Functional Adult Literacy Association	Primary processing	Bushenyi	Kifaru Fred R	078-866932
15. Connoisseur Honeys	Primary production and secondary processing	Bushenyi	Mugisha E	077-627874
16. Rural Based Health Foundation	Forest-based service providers (provision of health services)	Bushenyi	Kyatuhair Annah	-
17. Kanyinya Agro-forestry Project	Primary production	Bushenyi	Ara Banyanga	078-301953
18. Mushunga Batake Beehive Group	Production	Bushenyi		-
19. Mbatamo Women's Group	Primary production Primary processing	Bushenyi	Mushabe Moly	-
20. Tank Hill Bakyara Kwetunga Group	Production	Bushenyi	Turyamureba Prima	078-446595

Forest-based associations as drivers for sustainable development in Uganda

Name of Association	Category	Location (district)	Contact person	Tel. contact
21. Ntungamo Integrated Gender and Environment Development Institute	Production	Ntungamo	Tumwebaze Dinnah	-
22. Ruhaara FAL and Environment Promoters	Forest-based service providers	Ntungamo	Tumusiime Francis	-
23. Kyafora Catholic Tree Planting Group	Production	Ntungamo	Begumanya Vicent	-
24. Iterero Tree Planting Project	Production	Ntungamo	Muhimbise Joshua	-
25. Kantama Conservation and Tree Planting Group	Production	Ntungamo		-
26. Rwoho Environmental Conservation and Protection Association	Production	Ntungamo		-
27. Kyeitembe Elders Group	Production	Bushenyi	Mrs Karure Getrudah	078-399041
28. North Budongo Youth Development Association	Production and forest-based service providers	Masindi	Tumwebaze Andrew	078-660190
29. Kihihi Women Association	Production, primary processing and forest-based service providers	Mpigi	Nasimbwa Asiyat	077-832379
30. Mukono District Network of people living with HIV/AIDS	Production and forest-based service providers	Mukono	Musisi Gavah	075-931630
31. K.G Ntura Nursery Plants and Compound Designers	Production	Kampala	Kizito Gerald	077-602013
32. Bukunja Ngongwe Development Association	Production and secondary processing	Mukono	Ddamulira Robert	075-699002
33. Lira Timber Dealers Association	Primary processing	Lira	Emmanuel Ebong Opeto	071-682918 077-602661
34. Northern Uganda Sheanut Processor Association	Primary processing and secondary processing	Pader	Leonora Okello	078-943587
35. Lira Tree Planting Association	Production	Lira	Tom Apunyo	077-571759
36. Masindi District Tourism Development Association	Forest-based services	Masindi	Justus Ariho	077-645709
37. North Budongo Forest Community Association	Forest-based services	Masindi	Abure Marino	-
38. Hoima Pitsawyers Association Limited	Production and primary processing	Hoima	Amanya Jackson	077-554744 075-808363
39. The National Traditional Healers and Herbalists Association Masindi	Production and primary processing	Masindi	Ababakali Wasswa	077-984946
40. Masindi Pitsawyers and Wood Users Associations	Production, primary processing and secondary processing	Masindi	Asaba George William	077-677301
41. Masindi Pitsawyers Association	Primary processing	Masindi	Asimwe Joseph	077-590638
42. Miirya Talents Promotion	Production and forest-based service providers	Masindi	Mugenzi Edward	077-582936
43. Kaniyo Pabidi Ecotourism Guides Association	Forest-based services	Masindi	Opito Cyprian	078-571307

Forest-based associations as drivers for sustainable development in Uganda

Name of Association	Category	Location (district)	Contact person	Tel. contact
44. Muyekhe Community Development Initiative Network (MUCODINET)	Production and forest-based service providers	Mbale	Welishe Richard	077-699930
45. Mwizukulu Cooperative Society	Production	Pallisa	Mrs Okalebo Jane	077-492118
46. Nasenyi Nyanza Environmental Association	Production	Pallisa	Malinga Sam	077-653041
47. Shirombe Kyenda Women Group	Production and primary processing	Mbale	Florence Kyakamu	077-385560
48. Bungokho Youth Development Association (BUYODA)	Production and forest-based service providers	Mbale	Mabonga David	078-969122
49. Nagongera Agro-forestry and Environment Programme	Production	Tororo	Kemba Joshua	077-917688 077-355363
50. Nyangole B. CFM Association	Production and primary processing	Tororo	Ochieng Wilson	-
51. Kalangala District Pitsawyers and Wood Users Association	Production and primary processing	Kalangala	Lule Fortinatus	077-641356
52. Gipeko Women's Cooperative Society	Primary and secondary processing	Apac	Mrs Middy Oguka	078-358945
53. Nyamiyaga Tree Planting Association	Production	Mbarara	Teo Kataratambi	077-524370
54. Karambi Women's United Association	Production	Mbarara	Tumwebaze Cicilia	-
55. Nyakayojo Alleviation Front Aids	Production	Mbarara	Karugaba Denis	075-506389
56. Kicwamba Twimukye Group	Production and primary processing	Mbarara	Asuman Behangana	-
57. Nshungyenzi Agro-forestry Mitiebiri	Production	Mbarara	Perry Bamanyi	-
58. Uganda Red Cross Society Kamukuzi	Production	Mbarara	Francis Byaruhanga	-
59. Support for Women in Agriculture and Environment (SWAGEN)	Production, primary processing and forest-based service providers	Mbarara	Getrude Kenyangi Kabusimbi	077-685332
60. Mbarara Grape Farmers	Production	Mbarara	Kamanyiro Edward Silas	077-517714
61. Nshungyezi United Farmers Association	Production and forestry-based service providers	Mbarara	Bamanya Meddy Kalita	075-884740
62. Rugando Tukwatanise Group	Production	Mbarara	Herbert Bamukwatsize	-

Annex 3. List of associations known to respondents that are engaged in similar activities to the associations studied

Association	Category	Activities	Location
1. Nature Conservation and Promotion Association (NACOPRA)	Forest-based service providers	Sensitise people about nature conservation	Masindi
2. Masindi Pitsawyers and Wood Users Association	Primary processing	Pitsawying	Masindi
3. Budongo Sub-county Pitsawyers Association	Primary processing	Pitsawying	Masindi
4. Pakanyi Pitsawyers Association	Primary processing	Pitsawying	Masindi
5. Bunyoro timber dealers Association	Production and primary processing	Tree planting Pitsawying	Hoima
6. Budongo Community Development Organisation (BUCODO)	Production and forest-based service providers	Tree planting Sensitising on the nature conservation	Masindi
7. Cawte Women's Group	Production	Tree planting	Apac
8. Emiki Ogede Women's Group	Primary processing	Bee-keeping	Apac
9. Buhoma Progressive Women's Club	Secondary processing Forest-based services	Basketry, handcraft making, mat making and entertaining tourists	Kanungu
10. Two Wings Agro-forestry Association	Production	Nursery tree project Tree planting	Kabale
11. Medicinal Plants and Diversity Projects	Production Forest-based service providers Secondary processing	Tree planting Conduct research on traditional medicine Sensitise people on use of traditional medicine	Kabale
12. Mpungu Forest Society	Secondary processing Forest-based service providers	Handcraft making Sensitisation on environmental conservation	Kanungu
13. Kifunjo Forest Society	Secondary processing Primary processing Forest-based service providers	Handcraft making Sensitise community in environment conservation	Kanungu
14. Kigarama Kumuhoko Mushroom Growers	Primary processors	Mushroom growers	Kabale
15. Rubare Agro-forestry Association	Production, forest-based service providers	Nursery bed project Sensitise people on improved tree planting	Kabala
16. Buhara Agro-forestry Association	Production, forest-based service providers	Nursery beds Sensitise on improved tree planting	Kabale
17. Kamwezi Agro-forestry Association	Production, forestry-based service providers	Nursery beds Sensitise people on improved tree planting	Kabale

Forest-based associations as drivers for sustainable development in Uganda

Association	Category	Activities	Location
18. Kamuganguzi Agro-forestry Association	Production, forestry-based service providers	Nursery beds Sensitise people on improved tree planting	Kabale
19. Kisoro Beekeepers Association	Primary and secondary processing, forest-based service provider	Weaving and construction of bee hives Processing honey Beekeeping Sensitise people on environmental conservation	Kisoro
20. Bwindi Beekeepers Development Association	Primary and secondary processing, forest-based service providers	Beekeeping Honey harvesting and processing Training people on nature conservation	Kabale
21. Rugarama Beekeepers Association	Primary and secondary processing	Beekeeping Honey harvesting and processing	Kabale
22. Mushanje Beekeepers Association	Primary and secondary processing	Beekeeping Honey processing	Kabale
23. Kiyembe Beekeepers Association	Primary and secondary processing	Beekeeping Honey harvesting	Kabale
24. Kashasha Beekeepers Association	Primary and secondary processing	Beekeeping Honey harvesting	Kabale
25. Kasoli CFM Group	Production	Tree planting	Tororo
26. Nyangole Youth Tree Planting Group	Production	Nursery bed project	Tororo
27. Busolwe CFM Group	Production	Tree planting	Tororo
28. Butaleja CFM Group	Production	Tree planting	Tororo
29. Mahanga Environmental Management Organisation	Production	Tree planting	Tororo
30. ALBERTINE	Forest-based service providers	Sensitise people on nature conservation	Masindi
31. BYERIMA	Production	Nursery bed establishment	Masindi
32. Herbal Research Centres	Secondary processing	Packaging of herbal medicine	Country wide
33. Haji and Haji Group	Secondary processing	Packaging of herbal medicine	Masindi
34. Nalukwago Tausi	Secondary processing	Packaging of herbal medicine	Masindi
35. Haji Twaha Rwegaba	Secondary processing	Packaging of herbal medicine	Masindi
36. Busoba Tubaana Mixed Farmers Association	Production	Agro-forestry Livestock Cropping	Mbale
37. Mbale Farmers' Association	Forest-based service providers	Sensitising on nature conservation Livestock management Banana plant establishment	Mbale

Association	Category	Activities	Location
38. Nabumali High Quality Farmers' Association (NAHIFA)	Production	Agro-forestry Passion fruit growing Improved banana plantation Soil conservation	Mbale
39. Bwindi Side Actors Association	Forest-based service and forest-based service providers	Sensitise people on environmental conservation Sensitise community on HIV/AIDS issues Entertain tourists	Kisoro
40. Rubuguri Superstars Association	Forest-based service	Entertain tourists by dancing	Kisoro
41. Rubuguri Orphans Group	Forest-based service	Entertaining tourists by dancing	Kisoro
42. Nombe Handcraft Group	Secondary processing	Handcraft making	Kisoro
43. Ziika Forest Association	Forest-based service providers	Sensitise communities on tree planting	Wakiso
44. Bishaki Women's Group	Production	Tree planting Animal husbandry	Kabale
45. Bataka Twezikyeye Group	Production	Tree planting Credit and saving scheme	Kabale
46. Tropical Bee Care Centre	Primary processing and secondary processing	Beekeeping	Bushenyi
47. Uganda Beekeepers Association	Primary and secondary processing	Beekeeping	Kampala
48. Bushenyi Apiculture Trust Association	Primary and secondary processing	Beekeeping	Bushenyi
49. Nyamiyaga Tree Planting Group	Production and forest-based service providers	Tree planting and environmental conservation sensitisation	Mbarara
50. Nyarubungo Tree Planting Group	Production	Tree planting	Mbarara
51. Bugashe Twimukye	Production	Tree planting	Mbarara
52. SWAGEN	Production	Tree planting	Mbarara
53. Kamukuzi Bakyara Bomurembe	Production	Tree planting	Mbarara
54. Kicwamba Miti	Production	Nursery bed operators	Mbarara
55. Katukuru on move	Production	Grape farming Tree planting	Mbarara
56. Nyamiyaga Tree Planting Association	Production	Tree planting Agro-forestry	Mbarara
57. Bikonoka Twimukye	Production	Tree planting	Mbarara
58. Katunguru Nkwatiraho	Production	Tree planting	Mbarara
59. Good Spirit Support Action	Production and primary processing	Tree planting Tree harvesting	Mukono
60. Helper friend	Production and primary processing	Tree planting Tree harvesting	Mukono
61. Nebbi Timber dealers association	Secondary processing	Timber selling	Nebbi

Forest-based associations as drivers for sustainable development in Uganda

Association	Category	Activities	Location
62. The Traditional and Modern Practitioners Together Against AIDS/(THETA)	Production	Tree planting AIDS sensitisation	Mbarara
63. Nyakibare Beekeepers Association	Primary processing	Beekeeping	Ntungamo
64. Nyakibare Local Development Association	Primary processing	Beekeeping	Ntungamo
65. Kalangala Fisheries Association	Primary processing	Fishing and fishmongering	Kalangala
66. RECPA	Forest-based service providers	Environmental protection and conservation training	Ntungamo
67. Akika Embuga	Service providers	Tailoring training	Mpigi
68. Mpigi Women Development Trust (MODET)	Service providers	Rural banking training	Mpigi
69. Lira Fish Farming Association	Primary processing	Fishing and fishmongering	Lira
70. Lira Bee keepers Association	Primary processing	Beekeeping	Lira
71. Abigonira TIST Group	Production	Tree planting	Bushenyi
72. Tukole Invalid Salvation	Production and service provision	Tree planting and functional adult literacy	Mbarara
73. Union of Arts	Secondary processing	Crafts making	Nsambya, Kampala district

Annex 4. List of associations from district community development offices/district environment officers

Association	Category	Activity	Location
Nyabuswa Women Weavers/Farmers' Club	Secondary processing	Basketry Cropping	Kabarole
Kabarole Traditional Healers and Herbalists Cultural Uganda Neddagala Lyayo, Kabarole District	Primary and secondary processing	Processing of herbal medicine Savings and credit scheme	Kabarole
Ninsiima Tooro Herbal Medicine Association	Primary and secondary processing	Processing of herbal medicine	Kabarole
Kabarole United Organic Farmer Association	Production	Tree planting	Kabarole
Lake Lyantonde Conservation, Education and Tourist Centre	Forest-based services Forest-based service providers	Sensitising on environmental conservation ecotourism	Kabarole
Gatyangu Vanilla Moringa Farmers	Production	Tree planting	Kabarole
Nyabwima Vanilla Farmers Association	Production	Tree planting	Kabarole
Bakweba Moringa Growing Association	Production	Tree planting	Kabarole
Kibiito Vanilla Farmer Association	Production	Tree planting	Kabarole
Kitonzi Tweyimukye Beekeeping Group	Primary processing	Beekeeping	Kabarole
Butinda Beekeepers Group	Primary processing	Beekeeping	Kabarole
Kiboha Agahikaine	Primary processing	Beekeeping	Kabarole
Kyezire Rural Development Beekeepers Group	Primary processing	Beekeeping	Kabarole
Kyakalinda Beekeeping community	Primary processing	Beekeeping	Kabarole
Ngonzi Agro Nursery	Production	Nursery bed establishment Tree planting	Kabarole
Buhesi Sustainable Organic Farmers' Group	Production	Tree planting	Kabarole
Ngombe Beekeepers Association	Primary processing	Beekeeping	Kabarole
Kanyamura Natural Resources Association	Forest-based service providers	Sensitising on environmental conservation	Kabarole
Kabonero Abakwataniza Vanilla and Moringa Growers Association	Production	Tree planting	Kabarole
Rwemirunga Bakyara Tukore	Production	Tree planting Agriculture Credit and savings	Rukungiri
Bugangari Bakyara Tweekambe Association	Production	Tree planting Coffee growing Zero grazing Marketing	Rukungiri
Omukashasha Association Group	Production	Coffee growing Credit and savings Agriculture	Rukungiri

Forest-based associations as drivers for sustainable development in Uganda

Association	Category	Activity	Location
Nyeibingo Environment Protection and Home improvement Association	Production	Tree planting Soil and water conservation Credit and savings	Rukungiri
Kifunjo United and Development Association	Production	Tree planting Soil and water conservation Credit and savings	Rukungiri
Karire Bakyara Tukore	Production	Tree planting Handwork	Rukungiri
Kakabada Youth Association	Secondary processing	Charcoal selling Credit and savings	Rukungiri
Rubabo Development Group	Production	Tree planting Farming Brick making Tailoring	Rukungiri
Rwenshama Youth Biika Oguze and Beekeeping	Primary processing	Beekeeping Saving and credit scheme	Rukungiri
Kacence Women's Group	Production	Tree nursery Baking Farming	Rukungiri
Karuhembe Women's Group	Production	Tree planting Music and drama Farming Cloth knitting	Rukungiri
Kitimba Women in Development	Production	Tree planting Agriculture	Rukungiri
National traditional healers herbalists Association	Secondary processing	Herb industry Traditional healing	Rukungiri
Nyabubare Women's Farmers Association (NYAWOFA)	Production, primary processing	Beekeeping Tree planting Pineapple growing	Rukungiri
Kigarama Youth Drama Actors	Primary processing	Beekeeping Tomato growing	Rukungiri
Kiteme Abekundire Women Group	Primary processing	Beekeeping Credit and savings Handwork	Rukungiri
Kebisoni Woodwork Tukore Youth Association	Secondary processing	Woodwork	Rukungiri
Nyakibale Catholic Widows Association(NACAWIDA)	Production	Tree planting IEAs Health activities & counselling	Rukungiri
Karuhembe Womens Group	Production	Tree planting Music and drama	Rukungiri
Balema Tukole	Secondary processing	Carpentry Piggery Goat keeping Alcohol brewing	Rukungiri
Ruhanga Bakyara Tukole Hamwe	Production	Tree planting Piggery Poultry keeping Agriculture	Rukungiri
Twentuha Women Development Association Group	Production	Tree planting Brick making Handicraft Credit and savings	Rukungiri

Forest-based associations as drivers for sustainable development in Uganda

Association	Category	Activity	Location
Kekizyo Bakyara Tukwatanise	Production	Tree planting Mushroom growing Handicraft Singing	Rukungiri
Butinda Women's Group	Production	Tree planting Credit and savings Piggery	Rukungiri
Kyegyere Tweterana Group	Production	Tree planting Agriculture Piggery Credit and savings	Rukungiri
Bukungu Bakyara Twetungure Group	Primary processing	Beekeeping Brick making Handicraft Piggery	Rukungiri
Kebisoni Environmental Protection and Home Improved Organisation	Production	Tree planting	Rukungiri
Bikongozo Women Group	Production Primary processing	Tree planting Beekeeping	Rukungiri
Environmental Outreach and Conservation Association	Forest-based services	Tourism	Mukono
Tourism Association	Forest-based services Forest-based service providers	Tourism Sensitise on environmental conservation	Mukono
Bukunja Ngogwe Development Association	Secondary processing	Carpentry Fishing Animal husbandry Primary health care	Mukono
Gitta Nkumbikatimba Association Uganda	Production Forest-based service providers	Afforestation Sensitising on environmental conservation Agriculture Self-help projects Health	Mukono
The Talent Calls Clubs	Secondary processing Forest-based service providers	Carpentry Tailoring Vocational training	Mukono
Uganda Nedaggala Iyayo	Secondary processing	Traditional herbal medicine processing	Mukono
Mukono District Farmers' Association	Forest-based service providers	Environmental conservation	Mukono
Humanist Movement	Production, forest- based service providers	Tree planting Sensitisation on environmental conservation HIV/AIDS counselling	Mukono
Mukono Multi-Purpose Youth Organisation	Forest-based service providers	Sensitisation on environmental conservation Health issues Agriculture Vocational skills IEAs	Mukono

Association	Category	Activity	Location
Mukono Women Aids Task Force	Production, forest-based service providers	Tree planting Sensitisation on health matters (HIV/AIDS etc.) Cleaning water resources	Mukono
Katungu Youth Development Project	Primary processing	Beekeeping Bakery management Music, dance and drama Credit and savings scheme	Bushenyi
Kyeitembe Youth Job Creation	Primary processing	Beekeeping Brick making Goat keeping Sports and games club Music dance and drama	Bushenyi
Bushenyi Integrated Peasant Group	Forest-based services	Environment management Investment in sectors of health, nutrition and small scale industries Community sensitisation on HIV/AIDS	Bushenyi
Bushenyi concerned citizens Association	Forest-based services	Carry out environmental and natural resource conservation awareness Sensitisation on HIV/AIDS Exchanging of funds and assets amongst members	Bushenyi
Bushenyi Nursery Bed for Environmental Protection	Forest-based services	Sensitisation on environmental conservation Coordinating and networking with other NGOs in the area	Bushenyi
Njeru Women Group	Primary processing	Beekeeping Piggery projects Goat rearing Mushroom growing Poultry and zero grazing Savings and credit schemes	Bushenyi
Bushenyi Agriculture Trust Association	Primary processing and secondary processing	Beekeeping Training in hygienic and quality control of bee products	Bushenyi
Foods in the wild	Forest-based services and secondary processing	Support of nature based enterprises Agro-processing and marketing, credit and saving schemes	Bushenyi
Tweyambe Project Foundation Research	Secondary processing	Herbal soap manufacture Market research for BEDINA Herbal soap and BEDINA Cream	Bushenyi
Network for Agriculture		Sensitise on gender HIV/AIDS initiatives	Bushenyi
Gomba Rural Integrated development Association	Secondary processing	Water and sanitation projects Brick making Carpentry Adult education	Mpigi

Forest-based associations as drivers for sustainable development in Uganda

Association	Category	Activity	Location
Gomba Development Association	Secondary processing	Herbal medicine processing Public health sensitisation	Mpigi
Ngeye Traditional Group (Drum Making)	Production, secondary processing	Planting trees Drum making Rearing cows, piggery	Mpambire Town Mpigi district
Twekambe Women's Group	Production, secondary processing	Planting tree Craft making Rearing cows, piggery Cropping	Mpambire Town Mpigi district
Nsamu Women's Group	Production, secondary processing	Planting trees Craft making Beekeeping Piggery Rearing cows, goats	Nsamu Sub-county, Mpigi district
Kibuuka Women's Group	Production, secondary processing	Planting trees Craft making Beekeeping	Mbale, Mpigi district
Sikyomu Drum Makers Association	Production, primary processing	Tree planting Drum making Fish farming	Mpambire Town, Mpigi district
Nkokoma Development Trust	Production, primary and secondary processing	Planting trees Craft making Beekeeping	Nkokoma, Mpigi district
Napooli Adult Functional Literacy Group	Production, forest-based service providers	Tree planting sensitisation Environment protection	Mutoto Sub-county, Mbale district
Kuweit Household Agricultural Support Association	Production	Tree planting Cropping	Kachonga Sub-county, Tororo district
Ataba rural Community Development Initiatives	Production, secondary processing	Tree planting Bee keeping	Kwapa Sub-county, Tororo district
Kanyoro Environment Protection Association	Protection, forest-based service providers	Tree planting sensitisation on conservation	Usukuru Sub-county, Tororo district
Lwenyi Gi Chandi Group	Production	Tree planting	Paya Sub-county, Tororo district
Bunashigo Women's Groups	Production	Tree planting Cropping	Bungokho Sub-county, Mbale district
Yivu Joint Women Association	Production	Tree planting Sorghum growing	Arua

Forest-based associations as drivers for sustainable development in Uganda

Association	Category	Activity	Location
Roko Women Club	Production	Tree planting Adult literacy	Arua
Yapi Women Association	Production	Tree planting Adult education	Arua
Dubai Dynamic Multipurpose	Production	Tree planting Brick laying	Arua
Euata Youth Association	Production	Tree planting Brick laying	Arua
Ocoko Christian Youth Association	Production	Tree planting Brick laying	Arua
Aliba Youth Project	Production	Tree planting Vegetable growing	Arua
Michu youth Association	Production	Tree planting Vegetable growing	Arua
Nile Quarage Youth Association	Production	Tree planting Livestock Rice growing	Arua
Nile Quarage Youth Association	Production	Tree planting Livestock Rice growing	Arua
Nile Koboko Students Association	Production	Tree planting Business Rice growing	Arua
Northern Koboko Student Association	Production	Tree planting Business	Arua
Kingaba Youth Association	Production	Tree planting Brick laying	Arua
Offaka Rural Youth Association	Production, primary processing and secondary processing	Tree planting Charcoal burning Produce buying Local crafts	Arua
Terego Women Association Consetium	Production	Tree planting Handicrafts	Arua
Anzioceni Initiative for Rural Development	Production	Tree planting Pottery	Arua
Orinzi Women Association	Production	Tree planting Stone crashing	Arua
A.T.K. super Furniture and Boat Building Yard	Secondary processing	Production of Furniture/boats Sale of produce	Arua
Kenya Ward Association	Production	Agro forestry Fish ponds Washing bay Brick laying	Arua
Baruku Youth Association	Secondary processing	Carpentry Washing bay Brick laying	Arua
Offaka Youth Association	Secondary processing	Local crafts	Arua
Lugbara Youth Association	Production	Agro forestry	Arua
Tanganyika United 94. Youth Association	Secondary processing	Carpentry Brick laying	Arua
Offaka Rural Youth Association	Secondary processing	Charcoal traders	Arua

Forest-based associations as drivers for sustainable development in Uganda

Association	Category	Activity	Location
Oyera Youth Multipurpose project	Production	Nursery beds for coffee, eucalyptus Sale of seedlings Grow some of the seedlings	Arua
Ocoko Women Association	Production, secondary processing	Agro forestry Handicrafts	Arua
Okokoro Women Club	Production, secondary processing	Agro forestry Handicrafts	Arua
Lodoi Development Fund	Production	Tree planting Nursery bed management	Pallisa
Pallisa Sustainable Organic Farmers Association	Production	Tree planting Nursery bed management	Pallisa
Badaka Youth Association Tree project	Production	Tree planting	Pallisa
Amorichan Women Group	Production	Tree planting	Pallisa
Youth Agule Group	Production	Tree planting	Pallisa
Okitenga Group	Production	Planting cypress	Pallisa
Kachinga Women's Group	Production	Planting cypress	Pallisa
Kifunya Kidunya	Production	Tree planting	Pallisa
Tirinyi Youth Association	Production	Tree planting	Pallisa
Makali Magosi	Production	Tree planting Nursery bed management	Pallisa
Tweweyo Agro forestry	Production	Agro forestry	Pallisa
Kaiswe Youth Association	Production	Agro forestry	Pallisa
Saala Wetland Management Association (SAWEMA)	Production, forest-based service providers	Tree planting Sensitising on environmental conservation	Pallisa
Kotolo Wetland Management	Production, forest-based service providers	Sensitising on environmental concerns Tree planting	Pallisa
Kipabusawa	Production, forest-based service providers	Sensitising on environmental concerns Tree planting	Pallisa
Limoto Wetland Association	Production	Tree planting	Pallisa
Baweike Youth and Women's Club	Production	Tree planting	Pallisa
Kakolo Twegayite	Production	Tree planting	Pallisa
Pallisa Environmental Conservation project	Production	Tree planting	Pallisa
Pallisa Rural Environmental Conservation and Development Association	Production	Tree planting	Pallisa
Kibuku Coffee and Tree planting Association	Production	Tree planting	Pallisa
Pallisa District Traditional Research Committee	Secondary and primary processing	Herbal remedy	Pallisa
Pallisa Beekeepers	Primary and secondary processing	Bee keeping Honey processing	Pallisa
Pallisa Agro inputs farmers Association	Production	Tree planting	Pallisa