

The role of small and medium forest enterprise associations in reducing poverty

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Executive summary

Small and medium forest enterprises (SMFEs) make up most of the opportunities for the poor in forest harvesting and wood processing sectors. But they face many obstacles and are frequently unable to access the few support structures that may exist. Self-help alternatives consequently have an important role to play. Literally thousands of forest enterprise associations have sprung up in developing countries as a result. Some fail, but many succeed.

This paper summarises the contribution of forest enterprise associations to poverty reduction from surveys in Brazil, China, Guyana, India, South Africa and Uganda. It groups lessons under six headings – (i) increasing access to basic needs; (ii) enhancing security and reducing conflicts; (iii) overcoming social isolation and powerlessness; (iv) providing decent work; (v) preventing environmental degradation; and (vi) strengthening cultural identity. Examples are given of associations that have: reduced transaction costs and facilitated access to basic needs; secured access to forest resources and helped to resolve conflicts; reduced social isolation; fought for better working conditions and; strengthened cultural identity.

The foundation for such successes lies in resilient and fair associations. The paper therefore comments on internal factors that make associations work. Key factors include: a strong degree of autonomy; leaders with a track-record of social commitment; gradually evolving sets of procedures that institutionalise the progress made by founding leaders; a focus restricted to a few long-term issues; fair representation and democracy; transparency over costs and benefits; sanctions for free riders or those that break rules and; clear procedures for resolving conflicts.

The paper concludes with three recommendations for appropriate external support: (i) Create an enabling environment that responds to the needs of existing SMFE associations; (ii) Underwrite communication networks that link forest enterprise association, markets and service providers; (iii) Provide ways of distinguishing, and increasing the returns from, responsible local enterprise in the market.

1. Introduction

It is no small matter to capture opportunities in forest harvesting and wood processing for the benefit of the poor. Small and medium forest enterprises (SMFEs) make up a significant proportion of those opportunities – 80-90% of forestry enterprises and over 50% of forest sector employment in many countries (Macqueen and Mayers, 2006). But SMFEs face many obstacles:

- insecure natural resource ownership and access rights
- weak social stability and cohesion,
- little access to capital,
- poor market information,
- weak bargaining power,
- lack of technological know-how,
- geographical isolation and poor infrastructure,
- lack of knowledge of administrative and business standards and procedures.

External support for SMFEs is often absent, weak or poorly directed. Local collective action is therefore often the only option. Interventions that take local institutions seriously can enhance the already substantial benefits of collective action.

This paper draws heavily on lessons from field surveys of forest enterprise associations. IIED country research partners conducted surveys in Brazil (Campos et al. 2005; Figueiredo et al. 2006), China (Weyerhaeuser et al. 2006), Guyana (Ousman et al. 2006), India (Bose et al. 2006), South Africa (Bekula and Memani, 2006) and Uganda (Kazoora et al. 2006). Macqueen *et al.* (2006) provide a summary. We define associations as: ‘user groups that band together about a common purpose and create organised institutions for collective decision-making’. The paper targets external supporters wishing to enhance the contribution of such associations.

Forest-based associations take on different institutional forms (informal groups, associations, cooperatives, companies etc). They also cover different elements of forest product or service supply. Some might manage private or common-pool resources. Others deal with processing activities far from the forest. They range from small groups of individuals, often community based, in which the association *is* the forest enterprise to large umbrella groups that represent multiple enterprises.

Many studies have already examined how and why groups are successful (Agrawal, 2001; Arnold, 1998; Baviskar and Atwood, 1995; Baland and Plateau, 1996; Fudemma et al. 2002; Harper and Roy 2000; Hobley and Shah, 1996; McKean and Ostrom, 1995; Ostrom, 1999; Ostrom, 1990; Sarin, 1993; Shah, 1995; Wade, 1988). Generic lessons about what makes groups successful include (Macqueen et al. 2006):

- successful past experience
- some disposable income (low levels of poverty)
- independence from political groups with the right to self organisation
- centrality to the total economy in which they operate
- focusing on one manageable activity, potentially diversifying over time but retaining focus
- either individual or participative leadership, provided it is home grown and fair
- a homogenous background, but they can do without it if they have good leadership
- a mix of skills to achieve collective interests
- origins without external support to prove competitive advantage
- broader objectives than merely financial ones
- clear boundaries defined by collective interests
- initial flexibility and then evolving simple rules and procedures based on local norms
- regular and frequent meetings between members and leaders
- clear records, transparent decision-making and conflict resolution processes and graduated sanctions for non-compliance

This paper complements previous analyses in two ways. First, it adds information specific to forest-based associations. Second, it focuses on how to give such associations effective support.

2. Elements of poverty that forest-based associations address

Poverty is multifaceted, comprising:

- lack of access to basic needs (Mitlin and Satterthwaite, 2004),
- insecurity and violence (ETFRN, 2005),
- social isolation and powerlessness (Narayan et al. 2000),
- inhumane working conditions (ILO, 2001),
- environmental degradation (Reid et al. 2005)
- an identity crisis linked to cultural disintegration (UNESCO, 2005)

Working together as a group can tackle each of these elements of poverty – whether reactively in response to outside requirements or threats, or proactively toward some perceived opportunity.

Increasing access to basic needs

In many cases, the aims of association extend beyond economic success to explicit social and environmental ends (Macqueen et al. 2005). In India, the Harda District Timber Merchant Association (HDTMA) collects money and makes loans to particularly needy members who have suffered losses beyond their control (Bose *et al.*, 2006). But these wider aims are often not present. For example, many associations in Brazil formed solely to take advantage of a government credit programme (FNO-Especial) – and soon collapsed once they achieved this aim (Campos et al. 2005).

Associations can drive down input prices, share transaction costs and use collective bargaining to improve returns from sales. This makes enterprises more profitable – which in turn helps members to get access to basic needs. For example, in South Africa the Kwangwanase Association of small timber growers hires a truck at harvest time to reduce members' transport costs. And the Sakhokuhle Association, an umbrella body with 1400 small-grower members, has successfully negotiated better transport rates for association members wishing to sell their timber products. The Swayimane Small Growers Association in Warburg, shares costs of joint training workshops for its members on small-grower forestry (Bukula and Memani, 2006).

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

Enhancing security and resolving conflicts

Associations have proved effective in securing access to forest and financial resources. For example, the Guyanese Upper Berbice Forest Producers Association (UBFPA) enabled members to gain access to a forest concession (Ousman et al. 2006). In Uganda, members of the Kamusiime Memorial Rural Development Association (KMRA) combined their land to meet the required 25ha size required for grants under the European Union-funded Sawlog Production Grant Scheme (SPGS) (Kazoora *et al.*, 2006).

Conflicts often arise when authorities do not consult local people or recognise their rights. For example, in India a new sales tax procedure (Form 38) made tax collection much more cumbersome for local enterprises – leading to unrest. The District Yamunanagar Plywood Manufacturers' Association took up the case in 2002 and called a strike until the government withdrew the offending Form 38 (Bose *et al.*, 2006). Another example comes from Uganda, where the Uganda Investment Authority (UIA) created an industrial park overlying areas with trees planted and managed by farmers. The Uganda Wood Farmer's Association formed specifically to sue the Uganda Investment Authority (UIA). Out of the litigation, the presiding judge ruled in favour of the farmers and granted compensation equivalent to four tree rotations (Kazoora *et al.*, 2006).

Inevitably, there are many examples where association management is the root of conflicts. In India, the Saharanpur Wood Carving Association (SWCA) in Uttar Pradesh formed in 1960 to represent the wood carving industry. It successfully campaigned for changes in tax incentives

and export policies. But disputes among the office bearers in 2004 caused the president to leave to establish the Saharanpur Wood Carving Manufacturers and Exporters Association (SWCMEA) a direct competitor (Bose *et al.*, 2006).

Overcoming social isolation and powerlessness

Individual SMFEs are often unaware of support opportunities. Associations pool the knowledge and contacts of their members or provide resources for dedicated people to undertake networking. For example, representatives of the Kabakaburi Handicraft Association (KHA) in Guyana secured funding from the Inter-American Institute for Cooperation for Agriculture (IICA) to give joint enterprise training in pottery, joinery/carpentry, sewing and craft making (Ousman *et al.*, 2006).

Larger associations can create extensive networking opportunities for their members. For example, the Federation of Rajasthan Handicraft Producers (FORHEX) in India has instituted awards for outstanding handicraft producers. It organises an annual symposium to share designs. It also runs seminars on trends in home furnishing. Visual merchandising and procedures for setting up export-orientated units are an additional focus. Association workshops explain export promotion of novel handicrafts and select leading members to participate in European trade fairs (Bose *et al.*, 2006).

In many instances, forming an association helps to secure training opportunities. For example, the Uganda Community Tourism Association (UCOTA) formed to promote community tourism by giving training in tourism marketing, organisational strengthening and craft making (Kazoora *et al.*, 2006).

On a cautionary note, associations can suffer from 'elite capture'. Representatives of many associations abuse their position to negotiate personal deals that can sometime leave association in debt bondage to outside interests. For example, the third board of directors of the Association of Rural Workers in the Boa Esperança/ Entre Rio settlement in Brazil became involved in the illegal sale of land plots and timber – taking a cut from each sale (Figueiredo *et al.* 2006).

Providing decent work

Joint investment through associations can open up new employment opportunities. For example, having already established a Brazil nut processing plant, the Brazilian Cooperativa de Produção Agropecuária e Extrativista dos Municípios de Epitaciolândia e Brasiléia (CAPEB) is now investing in salting, producing flakes and fillings etc. It also plans to develop animal feed from the Brazil nut shell. Launching a new rubber product range and processing the pulp of a local palm fruit Açaí are additional plans (Campos *et al.*, 2005).

Associations can also attract donor support for better working facilities - where individual enterprises would be politically less fundable. For example, the Kamuni Women's Handicraft and Sewing Development Association in Santa Mission Village, Guyana, successfully applied to the Canadian International Agency (CIDA) for a new craft centre fitted out with water tanks, five sewing machines and new furniture (Ousman *et al.*, 2006).

In many instances, associations have opened the door to group certification or fair trade that would have proved too costly for individual members. Certification schemes of this form provide detailed guidance on worker rights, health and safety and in the case of fair-trade – a price premium for producers. For example, in Papua New Guinea, community representatives established a company FORCERT in 2003 to link separate producers with Central Marketing Units and link them to overseas buyers. It has achieved certifications both by the Forest Stewardship Council (FSC) and as a Fair Trade Organisation by the International Federation for

Alternative Trade (IFAT) (Dam, 2006). The benefits have included more and better employment and a 20% price premium.

Associations and unions have been at the forefront of the fight to keep SMFEs open and to improve worker conditions. For example, the Gujarat Timber Merchants' association in India has fought the closure of small sawmills due to strong conservation legislation (Bose et al. 2006). Yet, basic salaries, worker health and safety are often worse in SMFEs than in larger enterprises (May et al. 2003; ILO, 2001). Overcoming competitive pressure, scale inefficiencies, inadequate access to capital and disabling policy environments in order to reverse that trend is a major challenge for associations.

Preventing environmental degradation

Local SMFEs are generally more accountable to local people than large external companies – and there are many examples of good environmental management as a result. For example, indigenous peoples in the southern states of Mexico, angered by watching their forests degraded by outsiders, fought a successful campaign against imposed concessions and won rights to operate their own micro-enterprises adhering to their own environmental values (PROCYMAF, 2000).

In Guatemala, a company called FORSCOM was established by 11 owning communities. The company manages community concessions in accordance with FSC certification – a condition that the government authority CONAP applied in the concession agreement (Leon, 2006). Yet, in 2003, only 50 communities worldwide had achieved forest certification (Molnar, 2003).

Complicating factors include:

- the disproportionate costs of certification for smaller scales of enterprise,
- the lack of capacity support for SMFEs within the forest certification movement;
- the lack of any mechanisms by which to distinguish and financial reward certified small or community forest enterprises in the marketplace

Additionally, issues of scale and power often favour larger enterprises in resource allocation, policy formulation and enforcement. The result is that SMFEs and their associations frequently cut environmental corners in order to compete. Associations can counter this tendency by using their collective voice to lobby for a fairer policy environment for SMFEs. For example, a member of the Guyana Manufacturers and Services Association lobbied for a new land use strategy based around SMFEs that would increase forest revenues and employment without compromising sustainability (Mendes and Macqueen, 2006)

Strengthening cultural identity

Cultural identity is extremely important to the many forest peoples of the world. It can be defined as: “a set of distinctive spiritual, material, intellectual and emotional features of society or a social group, and that it encompasses, in addition to art and literature, lifestyles, ways of living together, value systems, traditions and beliefs” (UNESCO, 2002). Various methods have been developed to measure cultural and sacred values in landscapes (Putney, 2000) and in forest decision making (Rowcroft et al. 2006).

A common way of understanding culture sees it as consisting of three elements: values; norms, rule and principles (what we ought to do) and products (or artefacts). The cultures of forest peoples are not only rich source of diversity, but are also in many cases vital to the sustainable use of forests. For example, the indigenous peoples of the Upper Caura river basin in Peru formed an indigenous association, registered their cultural knowledge, mapped their customary land use system and have developed sustainable management plans for the area – including co-management of existing protected areas. (Colchester, 2006)

The Makushi people in Guyana through an association known as the North Rupununi District Development Board (NRDDB) have developed local tourism enterprises that promote local language, dance and weaving. When self-assessing the most important assets within their communities, the Makushi identified culture as a key resource – based in no small part on their sustainable interaction with surrounding forest resources.(Ousman et al. 2006).

3. Internal procedures that maximise association benefits

The benefits of forest enterprise associations toward poverty reduction only come if associations are resilient and distribute costs and benefits fairly. A number of observations from country fieldwork show how to achieve this.

Autonomous origins

Almost every study dealing with associations has highlighted the benefits of independent beginnings, free from external interference. In Yunnan, China, political interference is strong—and associations are weak as a result. For example, the narrowly construed Yunnan Forest Products Industry Association currently does little more than hold an annual meeting. But this may be set to change as forest companies begin to play a greater role in managing the association (Weyerhaeuser *et al.*, 2006). In Uganda, USAID supported COVOL in 1995 to improve shea nut butter production across 400 community-based organisations. This amalgamated into the Northern Uganda Shea Producers' Association (NUSPA). But USAID withdrawal in 2000 and subsequent disruption by the Lord's Resistance Army rebels led to the collapse of the association (Kazoora *et al.*, 2006).

Many of the associations we surveyed that had their origins in external support were in a state of crisis. In Brazil, the state agricultural extension agency EMBRAPA founded the Associação dos Produtores Rurais em Manejo Florestal e Agricultura (APLUMA) as a timber management project. Interviewees described little ownership by members, little trust in the leadership and little unity between members (Campos *et al.*, 2005).

Accountable leadership with a history of social commitment

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

It also makes sense to invest in future leaders. For example in the association of the Settlement Project California in Mato Grosso, Brazil, young people make up 12% of the association members. The association has worked in partnership with the municipality to develop programmes at the local high school and build sports facilities in the settlement (Figueiredo *et al.*, 2006).

Evolving procedures

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

Associations that do not develop robust financial procedures quickly unravel. For example, because of doubt over financial dealings, members of the Amerindian Handicraft Association in Guyana quickly became reluctant to pay the 10% fee to the association required on the sale of craft products. Many opted instead to sell direct to buyers (Ousman *et al.*, 2006).

Restricting focus to a few long-term issues

Keeping it simple at the start allows time for successful functions to develop, building on core expertise. Most successful associations do a few things sustainably and well. Associations therefore need to balance immediate goals, such as markets for products, against longer-term interests, such as sustainable resource management. The Chico Mendes association in Acre, Brazil, originally started through Brazil nut collection alone. But it is now developing tree nurseries based on superior genotypes to reforest particular areas (Campos *et al.*, 2005).

In Guyana, the Upper Berbice Forest Producers Association (UBFPA) formed to achieve more secure jobs. With secure access to forests, they improved the viability and sustainability of timber production. Problems associated with sustainable harvest from the forest have subsequently led them to realise that they need to diversify into replanting manicole (heart of palm), fish farming and non-timber forest products. But all these planned activities maintain a strict focus on improving jobs for association members (Ousman *et al.*, 2006).

Ensuring democracy and representation

Investing in democracy is the best guarantee of equity. For example, the Guyana Forest Products Association has monthly meetings of the 12 member executive committee requiring a quorum of six members, plus less frequent general membership meetings (Ousman *et al.*, 2006).

Men and women often have very different livelihood concerns, yet there are often fewer women in leadership positions. For example, Ugandan women made up 53% of the members of the 62 associations surveyed, but only 44% of its leaders (Kazoora *et al.*, 2006). In many countries, women create their own associations in order to have their interests represented. For example, in the Caetés Settlement in Brazil, women producers formed the Association of Caetés Women because the two existing producers' associations failed to represent their interests (Figueiredo *et al.*, 2006). In exceptional cases, associations decide on strict gender equity—one example is the Reflorestamento Econômico Consorciado e Adensado (RECA) (Campos *et al.*, 2005).

Larger associations frequently under-represent smaller enterprise members. For example, in South Africa, the large industrial association—Forestry South Africa—has an executive committee dominated by large timber growers (five members). These carry more weight than medium growers (three members) and small growers (two members). The flourishing of many alternative associations of small producers is one outcome (Bukula and Memani, 2006). In some instances, very large associations can benefit from sub-groups that deal with specific issues. For example, a papermaking sub-group may develop within the Yunnan Provincial Forest Products Industry Association in China (Weyerhaeuser *et al.*, 2006).

Making costs and benefits transparent

Trust grows when members know what their rights and obligations are. Developing clear procedures for costs and benefits and sticking to them can avoid corruption and abuses by powerful elites. One of the main attributes of the success of the Kamuni Women's Handicraft and Sewing Development Association is the meticulous financial record keeping of the stock held in the newly built craft sales centre (Ousman *et al.*, 2006).

It is vital that members perceive some advantage over non-members. Graded membership can build loyalty for continuing membership and can improve inclusion of the poor. In India, the FORHEX association has three types of members, founder members, chartered members and associate members. The latter pay reduced fees and receive partial benefits in comparison with the former two categories. The Madhya Pradesh Minor Forest Produce (Trading and Development) Cooperative Federation Limited has a set membership fee, but distributes profits in line with particular activities—50% to primary collectors, 20% for forest regeneration and 30% for infrastructure development (Bose *et al.*, 2006).

Building in additional social benefits for marginalised groups can strengthen association unity. For example in Brazil, association barbecues and games proved a popular reason for belonging to the Association of the Settlement Project California (Figueiredo *et al.*, 2006).

Developing clear conflict resolution procedures and effective sanctions

Personality differences and poor representation can lead to a fragmentation of associations, undermining their political influence. One useful strategy is to ensure space for extraordinary meetings. Such meetings deal with contentious issues, new developments, hosting important visitors or discussing new government policies. In Uganda, 95% of the surviving associations had procedures in place to call such meetings (Kazoora *et al.*, 2006).

Finding ways of rewarding members and penalising free riders helps to reward those who sacrifice most to belong. The credibility of the association (and the willingness to pay membership fees) often hinges on how people who fail to pay are treated. For example, the Guyanese Orealla Fruit Cheese Women's Association (making forest fruit jams) stipulates an annual membership fee, commitment to waged work in the 'fruit cheese' production facility and regular participation in meetings. The association expels members if they fail to pay the annual membership fee or if a two-thirds majority vote against them (Ousman *et al.*, 2006).

4. Effective support

With such emphasis on autonomous and democratic decision-making in associations – what role can external agencies most usefully play?

Create an enabling environment that responds to the needs of existing SMFE associations

Kaimowitz (2006) highlighted overregulation, trade liberalisation with subsidies for the rich, and weak support services (credit, information and training) as the major constraints for SMFEs in developing countries. Overviews of SMFEs in six countries highlight the need for governments to level the playing field in terms of registration, resource access, taxation and so on (Auren and Krassowska, 2003; Lewis *et al.* 2003; May *et al.* 2003; Saigal and Bose, 2003; Sun and Xiaoqian, 2003; Thomas *et al.* 2003).

One general rule for support is to foster what exists rather than impose what does not. In many cases, successful support occurs through technical support or loans that emerge through genuine partnerships or response to demand from the association itself. For example, in Mexico the Union of Zapotec and Chinantec Forestry Communities (Uzachi) established autonomously in 1989 following decades of private exploitation of their natural mixed pine oak forests. The Union then approached FSC and achieved certification in 1996. It has subsequently been able to attract greater financial and technical support and has gained in status with the government environment ministry (Markoupoulos, 2003).

Before rushing to push external loans or technical support programmes, it is worth exploring what internal credit unions or revolving loan funds can do. For example, the North Rupununi District Development Board (NRDDB) in Guyana runs a women's revolving loan scheme for

small loans at 5% interest. It also finances a larger North Rupununi Credit and Development Trust (NRCDT) geared towards business start-up. This is initially repayable in 6-9 months, at which time borrowers can access a second larger loan (Ousman *et al.*, 2006).

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

Underwrite communication networks that link forest enterprise associations, markets and service providers

In very poor countries, the infrastructure to connect SMFEs and their associations to registration authorities, consumers and service providers is often absent. This gives a perception to the outside world of poorly organised (and often informal) enterprises, dispersed economic activity and high risk – which discourages government authorities, financial institutions and technical support services.

One of the most productive forms of support is to connect SMFEs and their associations to the outside world and vice versa through communication networks. For example, some of the success of the North Rupununi District Development Board (NRDDB) in Guyana has come from the tireless engagement and promotion of its activities by the Iwokrama International Centre for Rain Forest Conservation, linking to various other donors (Ousman *et al.*, 2006). In China, the Zhajaiwa Village's Persimmon Association posted information about its products in the Baoshan Forestry Bureau's publications and secured buyers from as far away as Shanghai (Weyerhaeuser *et al.*, 2006). Umbrella associations such as the Budongo Forest Conservation and Development Organisation (BUCODO) or the Uganda Honey Association (UHA) in Uganda can act as support hubs for the development of better communication networks (Kazooru *et al.*, 2006)

Many associations would also benefit from exposure to other like-minded product or service groups. Support in this area through printed or radio bulletins or by financing visits to trade fairs can be very useful. For example, the Essential Oil Association of India (EOAI) publishes a journal entitled 'Indian Perfumer' with latest research and market information. It also sponsors workshops and seminars for member entrepreneurs (Bose *et al.*, 2006). In Guyana, the Ministry of Amerindian affairs usefully sponsored a craftswoman from Kabakaburi community to train the Orealla Women's Group in the making of *tibisiri*¹ craft (Ousman *et al.*, 2006).

Provide ways of distinguishing, and increasing the returns from, responsible local enterprise in the market

Consumers are often willing to pay a premium for the social benefits that accrue through responsible community-based SMFEs and their associations. For example the fair-trade movement already offers considerable price premiums for many timber and non-timber forest product craft and furniture items traded by Fair Trade Organisation certified by the International Federation for Alternative Trade (IFAT) (Macqueen *et al.* 2006). Major timber buyers have expressed an interest in developing fair-trade timber (Roby, 2005). But there is currently no product specific label for timber available from the Fair trade Labelling Organisation (FLO) that might allow mainstream traders to deal in fair-trade products (i.e. those not certified by IFAT).

¹ *Tibisiri* straw comes from the young shoots of native Guyanese palms and craftswomen then weave it into items that are very popular with tourists and local tradesmen.

Despite well-publicised social concern, the labels of the three major certification schemes FSC, PEFC and SFI do not distinguish between small community-based products and products originating from large multinationals (Boetekees, 2006). As a result, community based SMFEs and their associations continue to face disproportionate costs for certification without seeing many economic benefits (Bass et al. 2001). Taylor (2005) called for new market mechanisms to address this deficiency. Such mechanisms might involve mainstream trade, fair-trade, certified trade or a combination of all three.

5. Conclusions

The single major policy implication from the preceding paragraphs is that forest based associations can and do work in places where there is little else available to improve the livelihoods of the poor. They deserve support. Three priority areas require attention:

- *Make associations easy and fair:* in many countries, formal registration of different forms of association is still overly bureaucratic or centralised. Policies often marginalise SMFEs. Policy-makers should find ways to reduce administrative hurdles and channel support through forest enterprise associations.
- *Subsidise information, training and association networks:* communication networks and support programmes can provide information and training on registration procedures, available finance, market trends, technological innovations etc. Finding ways to support networking through trade fairs, workshops, seminars etc. could also be very useful.
- *Develop market mechanisms that distinguish and reward local / community forest-based associations in the market:* market access is a perennial problem for local forest-based associations. Creating mechanisms that allow SMFEs to distinguish their products and get better prices for them is a central issue.

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