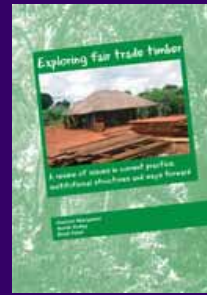


Creating an enabling environment for SMFEs

good governance, voluntary trade mechanisms and business support networks



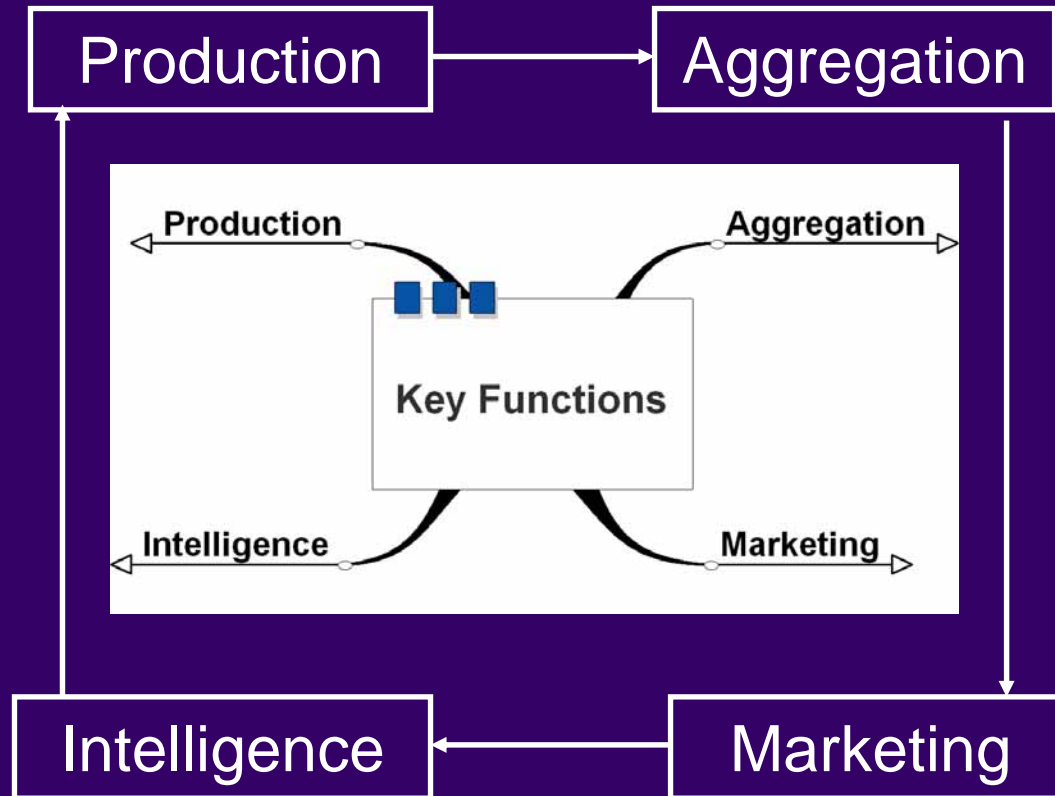
Duncan Macqueen
IIED Natural Resources Group

SMFEs are significant



- Some rough extrapolations:
 - 80-90% - percentage of forest enterprises that are SMFEs in developing countries
 - > 50% - percentage of forest sector employment generated by SMFEs (20 – 140 million employed)
- **Small scale advantages** – meet basic needs; accrue wealth locally; empower local creativity; build local environmental accountability; preserve cultural markets / identity.
- **And some disadvantages...** - lack of economic and political power, market information, collateral and capital, technology, business know-how, stability.

SMFEs require structure...



Good governance



- **Ecological integrity – requires...**
 - (i) long term multi-value outlook - e.g. how forest industries enhance income, livelihood security, decent work, social connectedness, recreation / beauty / diversity, cultural integrity
 - (ii) political will for environmental law enforcement
- **Social justice – requires...**
 - (i) equity of business opportunity – e.g. in forest allocation and use
 - (ii) impartial institutions - e.g. government doesn't favour rich / bribes
- **Democratic respect – requires...**
 - (i) accessible policy processes - e.g. language, time, clarity
 - (ii) equal voice in real decision-making – e.g. export bans, tax levels...

Voluntary trade mechanisms



- **Environmental impact** – e.g. forest certification schemes (e.g. FSC) for ‘green’ consumers that improve professionalism in legal compliance, forest management and social relations (but discriminate against small scale)
- **Social impact** – e.g. fair trade or ‘local origin’ labels for ‘social’ consumers that improve cooperation between producers, compensate for scale inefficiencies, and provide investments for community development etc (but no fair trade timber label)
- **Quality and economic viability** – e.g. brand names that establish benchmarks for product quality and reliability (but groups of small scale producers find this much more difficult).

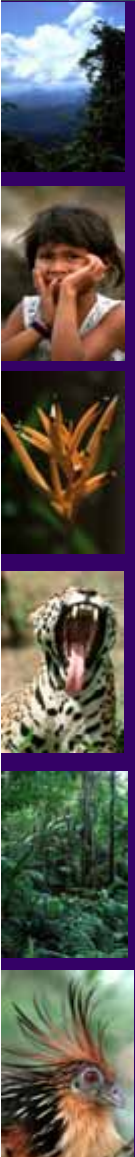
Business support networks



- Link producer organizations...
- to other producer organisations – reduce transaction costs, improve forest management, increase product volumes and bargaining power
- to service providers – improve financing, product quality, staff capacity and business planning
- to markets – increase the awareness of what is available, under what terms and conditions and increase understanding of what the market wants and why

Forest-connect

Flexible support to local small and medium enterprises in Guyana



David Singh
Iwokrama International Centre
 Guyana, South America, March 2006



Why Iwokrama and SMFEs?

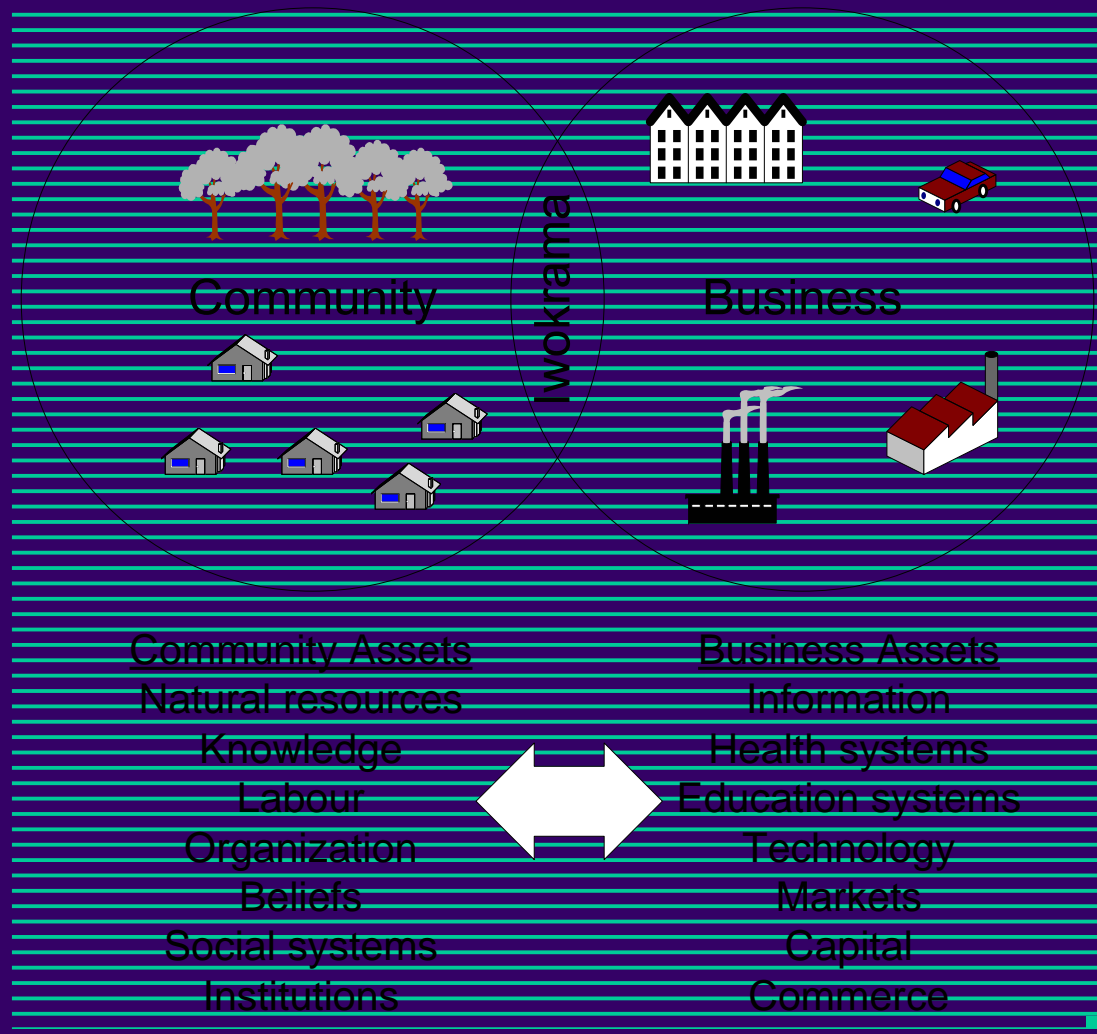
Integrating conservation and use

- Manages and Controls 371,000 Ha (2%) of State Forest
- Set aside to demonstrate techniques of conservation and sustainable use
- Establishes community based enterprises



Iwokrama at the interface:

Production . Aggregation . Marketing . Intelligence .



Opportunities for Guyanese SMFEs

Production . Aggregation . Marketing . Intelligence .

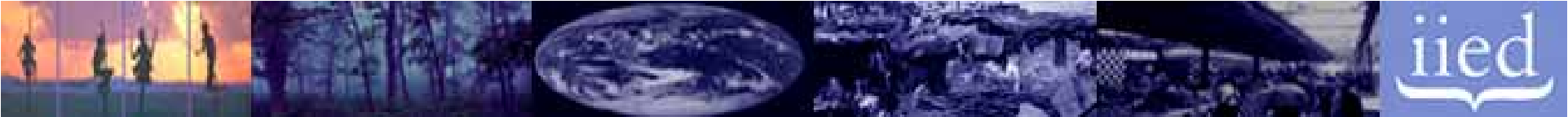
- 75% of government revenues and 50% employment from 25% of forest land
- Although small % of land, SMFEs cover significant % of cultural diversity
- If SMFEs are effectively set up, more than 50% of the community population can directly or indirectly benefit
- If we can connect to buyer and produce required quality and volumes – then it becomes a real opportunity to reduce poverty



But this requires support...

- Business planning
- Technical know-how / training
- Institutional linkages
 - Access to loans and technologies
 - Market access
 - Innovative product designs to compete nationally and internationally





Role of Iwokrama-IIED partnership

Production . Aggregation . Marketing . Intelligence .

- *Sharing information by an information network via database on the critical associations of Guyana*
- *Promoting this network to market players – in order to:*
 - strengthen the associations,
 - match the needs of associations with existing support and training by institutions
 - increase marketing opportunities
 - feedback market suggestions to further adapt products
 - Facilitate involvement of SMFEs in policy discussions.