

# SAVING FORESTS: MAKING PROFITS

A FIELD GUIDE FOR FACILITATORS  
OF COMMUNITY-BASED NTFP ENTERPRISES

The Non-Timber Forest Products Exchange Programme (NTFP-EP) for South and Southeast Asia works with forest-based communities to strengthen their capacity in the sustainable management of natural resources.

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On a general note, we thank all of the facilitators and the many other people who have supported the development of these community NTFP enterprises, including NGO partners, donors and local authority representatives. These supporters are already forming a solid base from which we can reach out to more people in communities to official authorities and to local and national markets for sustainable community NTFPs.

But finally, and above all, we pay tribute to the community members themselves whose experiences, knowledge and hard work are reflected in this field guide. We have learnt so much from them, and their courage and willingness to take on the new challenges of community-based NTFP enterprise development have been inspiring. We wish them every success in growing their enterprises and in encouraging others to follow suit.

Femy Pinto, Cambodia Facilitator, NTFP-EP  
Phnom Penh, Cambodia

# PREFACE

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This field guide is the result of a long process, drawing on years of experience and knowledge gathered from throughout the region. More specifically, it stems from the comprehensive book of the Non-Timber Forest Products Exchange Programme for South and Southeast Asia (NTFP-EP), *From Seeds to Beads: Tales, Tips and Tools for building a Community-based NTFP Enterprise*. *Seeds to Beads* gathered together the work of many authors who, as true practitioners, contributed their experiences to a common pool. The impetus to produce this handy manual specifically for facilitators working in Cambodia was the identification of a need for at-a-glance guidance that could be referred to in the field.

Although many of the steps are common to the development of any small enterprise, this field guide is unique in incorporating the specific elements of a community-based NTFP enterprise. Thus, the processes of successful entrepreneurship - skills and personnel development, financial management, business plans, monitoring and evaluation – are covered. But this field guide also encourages facilitators and the people they guide to take in the wider aspects of community mobilization and of inclusiveness, urging them to select the right NTFPs, and to monitor and manage these so that they continue to regenerate, and thereby support community income generation over the long-term.

We hope, too, that by clearly presenting the logical sequence of steps involved, supported by a wide choice of tools, this field guide will provide not just practical steps and tools, but will also inspire and support field facilitators so they can, in turn, motivate the communities they work with.

Above all, this field guide acknowledges the key role facilitators play. They are the essential catalysts for community-based enterprise development, drawing communities together, encouraging them to contribute their own skills and knowledge to the common cause, and giving them the guidance to adopt enterprise strategies that will literally change their lives. As the case stories show, community-based NTFP enterprise development facilitators are making a big difference among Cambodia's forest dependent communities. It is hard work and there are many problems to overcome. But it is also fun, and those who have taken up the challenge have found it well worthwhile.

We hope that this field guide will continue the good work that has already been started, and wish facilitators and all the people they guide, motivate and inspire to persevere in protecting and managing Cambodia's forests, making community profits, and improving livelihoods.

Ma. Cristina S. Guerrero

Executive Director, NTFP Exchange Programme for South and Southeast Asia

The NTFP Exchange Programme (NTFP-EP) for South and Southeast Asia works with forest-based communities to strengthen their capacity in sustainable management of natural resources. It recognizes that, for generations, these communities have harvested a wide range of non-timber forest products (NTFPs<sup>1</sup>) for their own use and to generate income. They have thus accumulated much practical knowledge and experience that could be usefully shared with others.

Recognising this, the NTFP-EP was created in 1998, initially as an informal group of practitioners working on local initiatives in Indonesia, Malaysia, India, Vietnam and the Philippines. The aim was for group members to gather and share information, and to work together to formulate strategies and find practical measures to improve the lives of forest peoples, and to help them to nurture and conserve the NTFPs on which they rely.

The NTFP-EP was formalized as an NGO in 2004, and has since spread to other countries, including Cambodia. While it recognizes that each country – and indeed, community – is different, it still appreciates that there is much that is common, and therefore, much to be gained from networking – nationally and regionally. Within Cambodia, the NTFP Exchange Programme works with six partners. They include the Cambodia NTFP Working Group (CNWG), a loose network of 10 members of local and international NGOs, and the Cambodian Federation for Bee Conservation and Community-based Wild Honey Enterprises (CBHE), a business association of 16 community-based honey group members. In project collaboration with its partners, the NTFP Exchange Programme provides capacity building, enterprise development assistance, and support in policy advocacy and research. It also facilitates information and knowledge sharing among partners and communities.

Given the overall goals and objectives of NTFP-EP its focus on the development of community-based NTFP enterprises is a logical step and this field guide encapsulates the major principles. Specifically, there are three elements in the term 'community-based NTFP enterprises' that guide the overall approach. First, it puts the community at the centre: community members are the ones who will manage and run the enterprise. They are the ones who will choose the relevant NTFPs, identify what additional skills and knowledge are needed to run the selected enterprise effectively, gather and produce the products, and then market them – all the while ensuring that management, financial and monitoring processes are running smoothly.

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<sup>(1)</sup> Non-timber forest products (NTFPs) are "all biological materials other than timber, which are extracted from forests for human use." (de Beer and McDermott, 1996)



Second, the NTFP resource base is a prime consideration. If a community-based enterprise is to be successful, the right NTFPs have to be chosen according to market demand, and then they have to be managed sustainably so that the supply remains steady.

Third, although generating profit is a major aim, a community-based NTFP enterprise differs in many ways from a traditional business. It is owned not by an individual – or even a small group of people – but by a community. As such, it draws community members together; it strengthens their willingness and capacity to work as a team for the good of all. Benefits are not just financial: they also include the mobilization and empowerment of the community to act for their own composite best interests and to give them a more significant say among authorities in matters that affect their communities. In this way, it affects a change in behavior and thinking among community members.

Community-based enterprise development is, therefore, a model of community empowerment – of uniting community members for a common purpose – and of resource sustainability. It is also an approach that enables for learning and sharing, and an understanding of value chains and markets, and the ways in which NTFPs can be processed to generate more income, that suit the contexts in which communities live.

This field guide is the result of experience and knowledge sharing on a regional and local basis. Within the specific steps that must be followed in the establishment of all community-based enterprises, it allows space for adaptation. Enterprise activities can be tailored to the unique needs and circumstances of each community. This English version is clearly written for NGO enterprise facilitators: they are the ones who will be most closely involved at this stage in providing the guidance and motivation for community-based enterprise development. But we hope that eventually we will be able to publish versions in local languages for NGOs who are locally-based, and ultimately a community version for the reference of the local people themselves.

Just as important are the case stories. These have been chosen to show how the NTFP Exchange Programme network members in Cambodia have been putting the steps into practice, and particularly the ongoing challenges they face. But these case stories also tell a tale of great success and still greater potential. As such, the aim is that they will encourage and motivate both mentors and the communities with whom they work to progress towards the creation of community-based NTFP enterprises that empower and unite the people while enabling them to improve their standard of living.

As an enterprise development mentor your role is to use your knowledge of business and socio-economic concepts and processes to guide community members in creating a successful NTFP business. Business development is always challenging, and especially so in community-based settings where the people involved face particular difficulties. They must, for instance, ensure that their business practices do not threaten environmental sustainability, they may have only limited access to processing technologies, be far from markets, and have insufficient financial capital.

By helping community members to understand and overcome these problems, you are having a substantial and very positive impact on their lives; the training you give will enable them to increase their income and thereby improve otherwise impoverished lifestyles.

But this is not easy. You must first build their capacity to set up and manage an enterprise, and then ensure that this business is not losing money while community members are still learning. This requires thorough understanding and preparation so that the right enterprise is chosen, and then is managed in a sustainable and equitable way.

This field guide will help with this process. It is the result of several years of experience with different communities and reflects the lessons learned in the process – positive and negative. Its step-by-step instructions provide the logical flow of processes the mentor needs to guide the community through to ensure the success of their enterprise. It explains concepts, suggests methods, and tells you what outputs to expect from each stage. It also includes tools to help with the processes involved.

To illustrate the effectiveness of these interventions, the guide also features a series of case stories. These have been shared by NGOs working with communities in developing their NTFP enterprises, and show how, despite the challenges, business success can be achieved that benefits community members without threatening environmental sustainability.

We hope that this guide will help you in your mentoring role. Good luck!



In helping the community to establish a profitable, socially relevant and sustainable community-based NTFP enterprise, you need to guide them through four main stages. This book will help you in identifying each of these, and the steps within.

**STAGE ONE :** This first stage will guide you in helping the community to choose the most appropriate enterprise by understanding their own skills and resources, and the nature and impact of external factors. At this stage, you will aim to establish:

**IDENTIFYING  
THE ENTERPRISE**

- What are the community's aspirations?
- What kind of enterprise will create jobs and income for community members, while promoting their well-being, reducing their vulnerability to risks and promoting sustainable use of natural resources?
- What objectives will that enterprise achieve?

**STAGE TWO :** After the most appropriate enterprise has been identified, you will next help the community members to turn the initial idea into a reality. The community members need to visualize the enterprise in full operation – and the steps that will lead to this. You will help them to develop a plan that will guide them in managing the business, and act as a supporting document if they seek funding and other assistance. It will enable them to determine:

**DEVELOPING  
THE ENTERPRISE**

- What are the natural and other resources available to the enterprise – specific external resources?
- What are the target markets – who will buy the product?
- What skills and technologies are available to support the enterprise – specific internal resources – and what gaps are there?
- What are the likely costs in producing and marketing the product?
- What is the ultimate feasibility of the enterprise – in economic and social terms?

Once the groundwork has been laid, the next stage is to help community members to bring the enterprise into operation. They may need extra finance for this, or they might need training. There are, therefore, two major objectives at this juncture. One is to ensure that the business can run profitably. The second is to ensure that the community group is sufficiently knowledgeable and capable of operating their enterprise.

### STAGE THREE :

#### IMPLEMENTING THE ENTERPRISE

At this stage, you will help the community to answer:

- What are the objectives and indicators of the enterprise?
- Is the product being sold in the right market?
- Is the product being produced in the right volume? Is the quality appropriate? And is the timing right for buyers?
- Are all transactions being recorded? And are financial reports being regularly produced?
- Is financial information being used to guide decision-making and in improving the operation?
- Is continuous investment being made in the enterprise to strengthen it and make it sustainable?

Once the enterprise is running, it is vital to monitor progress against objectives so that any necessary adjustments can be made. The results of monitoring also provide credible evidence of achievements that can be presented to community members and to other organisations.

### STAGE FOUR :

#### MONITORING THE ENTERPRISE

At this stage, you will help the community members to establish:

- What are the objectives set in the business plan?
- What are the key result areas of these objectives?
- What are the performance indicators of each key result area?
- Does the enterprise group have a monitoring plan?
- Are monitoring reports presented regularly?

To give examples to how mentors can help communities to develop successful enterprises, case stories are included. These show the ways in which NGOs have supported people in developing NTFP businesses that are having a positive impact on their incomes and lifestyles.

To provide further guidance, tools to help with many of the steps described in the book are also included.

## A GROUP ENTERPRISE TO IMPROVE LIVELIHOODS AND PRESERVE CULTURE

*'Community based craft enterprises have benefited the communities by providing opportunities for employment, incomes and cultural and forest conservation. It has also improved community solidarity and the empowerment of women'*

Since early 2010, Poy Indigenous Craft Enterprise (PICE) has brought together Kreung indigenous people from five villages in Poy Community Forestry, O' Chum, in Rattanakiri.

The foundation of the Initiative was laid in 2007 with the establishment of a Community Based Craft Enterprise (CBCE), which brought together 118 producers who collect NTFPs to make traditional crafts, as well as harvesting raw bamboo and rattan. They also make baskets and textile products from cotton coloured with natural dyes.

In developing their enterprise, these communities have been supported by the local NGO, CaNDo, starting with the identification of the business as a craft enterprise. This was chosen because of its potential to improve community livelihoods, while helping to preserve their culture and environment. Committees were then elected to lead and manage the enterprise, and regulations, by-laws and internal rules were structured.

*'It takes a long time to build capacity so we need more time for mentoring and coaching'*

In the year 2008 to 2009, CaNDo provided six training workshops relating to, for instance, enterprise development and management – including the role of women – sales and marketing, bookkeeping and production. Participants were also taught techniques for using natural dyes.

After the formal training, the CanDo team continued to support the communities with field mentoring and coaching, as well as helping with market access, and providing an outlet for the enterprise products in their own craft centres. Throughout, there has been an emphasis on the sustainable harvesting of NTFPs controlled mainly through participatory resource inventories and monitoring.

PICE now supports the community-based craft enterprises particularly in marketing, product development and quality control. Despite the major achievements, challenges remain, specifically in terms of capacity building, the development and implementation of more business systems, and the further integration of women in key roles. PICE will continue to address these.



This chapter covers the steps involved to help the community to identify a suitable NTFP enterprise:

- STEP ONE** : Analyse the community's capacity
- TWO** : Evaluate the external factors
- THREE** : Identify the enterprise options
- FOUR** : Choose the best option

**STEP ONE** : The first step is to help the community to identify the enterprise that will best suit their current skills and knowledge, the location in which they are based, and the associated benefits and drawbacks.

## ANALYSE THE COMMUNITY'S CAPACITY

### CONCEPTS

In other words, you will conduct an *internal assessment* to determine the factors that support or inhibit the capacity of people to perform their livelihoods. And you will assess *livelihood capital* – namely, the human, social, natural, financial and economic resources to which they have access. Your aim is to identify enterprises that will support *sustainable livelihoods*. That is, livelihoods that can accommodate stresses and shocks, and can enhance people's living standards without depleting essential resources.

### METHOD

This is an internal assessment so the information can best be gleaned by talking to the people and observing their way of life. You need to ascertain:

- What are their livelihoods – how do they currently acquire food and income?
- How do they spend, save and invest their household income?
- What are their livelihood resources in terms of labour, finance and natural resources? What other help – practical or social – is available to them?

### TOOL

The Sustainable Livelihood Analysis (Tool #1) will help you with this step.



At the end of this first step, you will have:

1. A report on household income and expenditure
2. An analysis of the strengths and weaknesses of the community in terms of:
  - Human resources such as labour force, health, skills and knowledge
  - Social resources such as association membership, networks with government and other sectors
  - Economic and financial resources such as savings, loans, grants, and access to credit as well as to technology, facilities and so on
  - Natural resources including tenure or rights to harvest forest products, access to common properties such as rivers and lakes.

OUTPUT

The second step is to examine external factors. You will assess market opportunities, the state of forest resources, policies that govern the use of natural resources, and the institutions, organizations and other external factors that could exert a positive or negative impact on people's livelihood activities.

STEP TWO :

EVALUATE  
EXTERNAL  
FACTORS

External assessment will determine the factors that influence livelihoods development, but are beyond people's control. Value chain analysis examines the chain of activities through which a product might pass before reaching the market, assessing the difference each of these stages makes to the eventual value of the product, and its consequent profit potential. Market research helps you ascertain the demand and understand the characteristics and behavior of buyers.

CONCEPTS

External factors can first be identified through analysis of trade statistics, industry studies, forest reports, decrees, policies and so on. The conclusions you draw should be verified by the community through consultation meetings and individual interviews. You need to ascertain:

METHOD

- What political and economic trends have they noticed?
- What climate or ecological changes have they experienced?
- What are the significant organizations in their area, and what influence do they have?
- How are people affected by social differences?

The Sustainable Livelihood Analysis (Tool #1) can also help with this step. Use it to determine the external contexts, conditions and trends, as well as the role of institutions and organizations in the area.

TOOLS

To assess the market for NTFP resources – and their enterprise potential - use the Value Chain Analysis (Tool #2) and Market Research (Tool #3) tools.

**OUTPUT** At the end of this step, you will have:

1. A review of information gleaned from trade statistics, industry studies, forest reports, decrees, policies and so on
2. Reports from consultations with community members
3. A value chain analysis
4. A market research report.

**STEP THREE :** In step three, the mentor helps the community to choose the best from the enterprise choices that have emerged.

**IDENTIFY THE  
ENTERPRISE  
OPTIONS**

**CONCEPTS** The winning option will be identified through a thorough analysis of two major aspects. The first - strengths and weaknesses - are the internal factors affecting the capacity of the community, over which they have control. The second – opportunities and threats – relates to the external factors that exert an influence over which the community members have no direct control. These two aspects are grouped as a SWOT Analysis. This is a tool that enables internal strengths and weaknesses, and external opportunities and threats to be identified and cross-referenced so that recommendations can be produced.

**METHOD** The results of steps one and two can be used as a starting point to produce the SWOT Analysis. This can be used to spark the consideration of:

- Strengths and opportunities – what are the strengths of the community members and how can these be used to take advantage of the external enterprise opportunities that exist?
- Strengths and threats – how can the strengths of the community members be used to minimize external threat?
- Weaknesses and opportunities – how can weaknesses be addressed so that community members can take advantage of external opportunities?
- Weaknesses and threats – how can weaknesses be addressed to minimize external threats?

In conducting this exercise, the mentor could ask community members to, for example, list strengths and weaknesses on separate sheets of flipchart paper, then to draw out recommendations on a third.

**Tool** SWOT Analysis (Tool #4)

The SWOT Analysis will present a list of alternatives.

Making the right enterprise choice is vital. So, the final step in this initial process involves a thorough consideration of the information that has emerged from the first three.

This step could involve a cost-benefit analysis. This enables a comparison to be made between the benefits to be gained by selecting a particular enterprise option, and the associated costs. This can be done for each option so that the most financially, socially, environmentally beneficial can be identified.

From the choices identified in step three, help the community to identify the advantages and disadvantages of each enterprise through a Cost-benefit Analysis could help with this (see Concept above). This can be done through workshops that provide answers to the questions:

- What would the benefits of each option be?
- What would the costs of each option be?
- What is the net benefit (eg the benefits minus the costs) of each option?

From this exercise, community members will be able to identify the enterprise option which has the greatest potential net benefit.

This step should produce a matrix giving a cost-benefit analysis or, where this is not feasible, a simple list of pros and cons that support community members in making the right choice.

OUTPUT

**STEP FOUR :**

CHOOSE THE  
BEST OPTION

CONCEPT

METHOD

OUTPUT



## AN ENTERPRISING APPROACH TO HONEY

*'...training in marketing enabled the Honey Enterprise members to see how their products could be sold, and where...'*

Phnom Torb Cheang Community Forestry (CF), located around 15 kilometers from Sre Ambel in Koh Kong, is the base for a honey enterprise, initiated in 2007 under facilitation of CFI and NTFP-EP. Participants were provided with basic business training in bookkeeping, administration and in producing a business plan, and were given practical skills to help with processing, filtering and packaging the honey they produce. Visits to producers in Mondulkiri and Indonesia, and to exhibitions, also helped to deepen their knowledge.

To further develop their businesses, the producers were given guidance in marketing their honey. They were introduced to potential buyers and given support in negotiating favourable contracts. They were also encouraged to group together so that they could sell in bulk more profitably.

*'...the PTC Honey Enterprise and their NGO partners played an important role in coordinating potential buyers and in reaching purchasing contracts with companies...'*

The Phnom Torb Cheang (PTC) Honey Enterprise group now encompasses 79 members who have linked to form five honey enterprise committees. The regulations they have composed for internal management control have been approved by the local authority and they have a sound business plan. On a practical basis, they have equipped a processing room that can help in the production of good quality honey. Their consequent ability to maintain quality production, even during the rainy season, gives them a sound competitive edge.

As a result, honey production has risen from 800 to 1,000 liters a year, attracting entrepreneur buyers such as SAHAKREAS CEDAC and Kurata.

Challenges remain including the theft of honeycombs and high moisture content in the honey. Enterprise management still requires support from NGOs and entrepreneurs. They lack capital to buy honey from enterprise members. Even so, the growth of this enterprise is having a positive impact on people in the CF area who depend on NTFPs for their livelihoods.

# Tool #1

## SUSTAINABLE LIVELIHOOD ANALYSIS (SLA)

This tool will guide you to gather and float the information you and the community will need in order to identify, assess livelihoods options and the internal and external factors that influence and affect their feasibility and viability. The tool provides sample guide questions which covers four (4) bases of analysis: the livelihoods assets, community vulnerabilities, structures and processes, and livelihood strategies. You may add more questions as you see fit.

### I. Livelihoods Assets

Livelihoods Assets are different types of capital that communities can use in developing and growing their livelihoods.

#### 1. Human Capital

This refers to resources that are inherent to the community members, such as skills, knowledge, labor capacity, good health, and even behaviors and values conducive to enterprise development.

- What skills do community members have?
- Who are the knowledge `managers'?
- Is there a tradition of local innovation?
- How do people acquire information to support their livelihoods
- Are any groups (e.g. women) excluded? If so, is this a negative factor?

#### 2. Social capital

These are resources that are embedded and result from relationships and networks among members of the community, and with their external links. This can refer to good working conditions among community members, clear and accountable decision-making structures, organization, community mobilization, etc.

- What are the different formal and informal groups in the community?
- What are the common rules?
- How do networks (including family relationships, neighbors, and so on) influence access to resources?
- What is the form of leadership in the community?
- Is there any form of collective representation among community members?

### 3. Natural capital

This asset refers to availability and access to natural resources such as land, forests, manageable terrain and a water source. It also refers to knowledge and practice of disaster risk reduction, sustainable resource management practices, biodiversity conservation, waste and pollution management, and so on that allows the community to address potential risks and environmental vulnerabilities.

- Which groups have access to which kinds of natural resources?
- How productive is the resource? Has this changed over time?
- Is there existing knowledge that could help increase the productivity of resources?
- How is the resource affected by internal and external factors?
- Can the resource be used for different purposes?

### 4. Physical capital

These assets are tangible resources and basic infrastructures needed to support the logistics and operations of the livelihoods from harvest to production to sales. This includes but is not limited to a venue of production, technology and equipment, communication facilities, roads from community to markets.

- Is transport of products affordable?
- Does a secure building exist?
- Are the water supply and sanitation facilities adequate?
- Is clean and affordable energy available?
- Do they have access to technology and equipment for efficient production?

### 5. Financial capital

This part examines the availability of financial resources. Where there are gaps, it explores the possibilities and diversity of sources, their accessibility and the risks. Finally, it also takes into consideration internal (i.e. financial behavior of members, knowledge) and external (i.e. local economic policies and programs) factors that influence financial management and access.

- Which types of financial service organizations (formal and informal) exist locally? In what conditions are the services provided and who has access to them?
- What are the current levels of savings and loans? In what form do people currently keep their savings? (E.g. cattle, jewelry, cash, etc.) What are the risks of these options?
- How many households have family members sending money from outside of the community? How is this done? How much is involved?

- How is money controlled and used?
- Has there been previous experience on financial management? What was the outcome?

## II. Vulnerability Context

The Vulnerability Context examines conditions and external forces that may influence and affect the availability and accessibility of the community's resources and assets. Think of changes and trends (political, economic, technological, market demand), shocks and stresses (natural calamities, political unrest, crops diseases, etc.) and seasonality (market demand, production and prices).

### Changes & Trends

- Will change in technology affect the demand for the products of the community?
- Will the new national economic policies and programs affect community's ownership and access to forests?
- Which groups produce which crops? How important is this to livelihoods? What proportion is used and sold?

### Shocks & Stresses

- Are the resources susceptible to diseases?
- Are there peace and security issues in the community area?
- Are the products used for food security or cultural rituals? Will market demand conflict with this?

### Seasonality

- Are there seasonal price or market demand fluctuations?
- How do income-earning opportunities vary throughout the year? What time of the year is cash most important? Does this coincide with the time when cash is most available?
- Are there traditional practices that affect schedule of production?

## III. Structures and Processes

This factor examines the roles of institutions and existing social and political structures on the community's access and use of its assets. It looks at the responsibilities, rights and relations.

### How do policies, institutions and processes determine:

- Access to various types of livelihood resources, to livelihoods strategies and to decision-making

- bodies and sources of influence?
- The terms of exchange between the different types of livelihoods capital (listed above)?
- The benefits obtained from livelihoods strategies?

#### IV. Livelihoods strategies

Livelihoods strategies are the ways in which the community members have been using, combining their assets in order to meet their needs and goals.

- What are the different livelihoods 'portfolios' of the different social groups (i.e. One family may simultaneously do Farming, Craft Making, and be a service provider as a farm laborer to meet their needs.)?
- What percentage of income do they provide? How much time and resources do they take up?)
- How and why has this changed over time?
- Do people make long-term investments in their livelihoods? If so, how?
- What combination of activities work best?
- What livelihoods objectives are not achievable through current livelihoods strategies?

#### Livelihoods outcomes

The matrix below can help to analyze the results of existing livelihoods strategies according to the criteria of sustainable livelihoods. The rankings could use a five-year timescale, and be as follows:

- 5 – yes, it has contributed consistently
- 4- yes, it has contributed but not consistently
- 3 - yes, it has started to contribute this year
- 2 – no, it has not contributed this year
- 1 - no, it has not contributed in the past five years

	More income	Improved well-being	Reduced vulnerability	Enhanced food security	More sustainable use of natural resources
Livelihoods strategy 1	Ex. 4	3	3	3	1
Livelihoods strategy 2 etc	Ex. 4	4	4	5	4
Livelihood Strategy ...					



## Tool #2

# VALUE CHAIN ANALYSIS

The Value Chain Analysis looks at the stages of a product's transformation – from raw to finished form, its journey from the producer to the end-user - through a 'chain of activities', identifying where values are created and added.

### Step one: Industry Overview

The Sustainable Livelihoods Analysis you have just completed should provide you a profile of the community and its livelihoods strategies and help you identify the product/s that contribute most to the people's livelihoods.

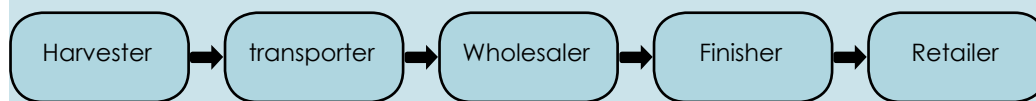
Once the NTFP is identified, simultaneously with the market research, you can also already study the structure of the industries where it is used. Make sure to identify the market actors and their functions:

- The individuals and groups involved and their functions
- Volume of annual production
- Value of annual sales
- Months of production
- Types of investment (e.g. land, labor, equipment, skills, technology and relationships)

### Step two: Value Chain Map

Map out the chain, or flow, of the product – from the source to the market.

Ex.



For each actor in the value chain, find out the following:

- Activity
- Production capacity (average volume)
- Cost/expenses
- Revenue/income
- Profit margin

### Step three: Challenges & Opportunities

Identify the challenges and opportunities in each stage. These need to be assessed in terms of the impact they will have on community producers. As for the opportunities or potential solutions, assess the feasibility of implementation.

### Step four: Interventions

Identify and discuss the interventions that can benefit the community the most. Assess their feasibility and the advantages and disadvantages of each.

## Tool #3

# MARKET RESEARCH

Once you have identified existing livelihood strategies and the available potential NTFPs, you will have to check the situation of applicable markets and industries.

There are different levels and methods of market research, depending on the objectives. This simplified tool however aims to give you a quick overview and understanding of your potential markets. Through the analysis of customers, competition and trade in general, this tool will help you to:

- Know whether there is a demand for the NTFP and where
- Identify gaps in the market that the community enterprise can fill
- Identify the buyers to be targeted and describe their needs and characteristics
- Understand their needs, preferences and buying behavior
- Understand the opportunities and difficulties your group faces
- Collect sufficient information to develop a marketing strategy
- Reduce business risks

You will need to collect the following information:

### Customers & Consumers

- Who are the existing and potential users of your products? Specify and describe them in detail as much as possible.
- What are their needs and buying preferences?
- Where and when do they buy?
- What are the bases and influences of their buying decisions?
- What are their quality requirements?
- What is the price that they are willing and able to pay?
- What is the current consumption of your product in this market?

### Competition

- Who are providing similar and alternative products? (Specify names, products, brands and locations, prices, quality level.)
- What are their strengths and weaknesses in the market compared to you

(capacity of production, quality, brand loyalty, financial situation, distribution channel, market reach, strategic positioning)?

- What capacity do they have to produce and sell in the market?
- What is their marketing strategy and what services do they offer?
- Who are the market leaders and who else are the market followers?
- Has the market reached saturation or is there room for new suppliers?
- Are there gaps that you can fill?

## Trade

- What is the situation of the industry? Is it a sunrise (starting and going up) or sunset industry (stagnant and going down)?
- What are the products and product lines related to your NTFP?
- What is the size of the industry in terms of sales and production capacity, supply and demand?
- Where are most production sites situated?
- Who are the market actors (e.g. raw material producers or collectors, consolidator or traders, manufacturers, distributors, retailers)?
- What are the consumption levels, price structures and sales?
- What are the relevant trade systems and policies?
- What are the entry barriers and facilitators?
- What are existing practices in trade?
- Are there changes in trends that generate new opportunities and/or threats?

There is no limit to the information you should get. The important thing is that you have sufficient data that will allow you to create an informed and realistic marketing plan and basis for your enterprise. Don't be afraid to reject an enterprise idea should you find that there is no market or demand for the products. It will save you and the community a lot of effort, money and disappointments.

Market research is not something you do once and you are finished. It is a continuous process that will help you continuously identify opportunities and threats as the enterprise grows. Make sure to incorporate this activity in the enterprise's operations

## Tool #4 S.W.O.T. (STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS) ANALYSIS

This tool will help you identify and assess internal and external factors that can serve as the bases for enterprise development decisions and marketing strategies.

Using the template below identify the Strengths, Weaknesses, Opportunities and Threats in relation to the enterprise options. The information you have previously gathered through the SLA, the Market Research and the Value Chain Analysis will be very useful for this activity.

Remember that:

Strengths and Weaknesses relate to the internal environment - inside the enterprise or organization. They focus on factors relating to, but not limited to products, pricing, costs, profitability, performance, quality, people, skills adaptability, services, reputation, processes and infrastructure. These are factors that the organization has control over.

Strengths	Weaknesses
Opportunities	Threats

Opportunities and Threats relate to the external environment – outside of the enterprise or organization. They focus on factors relating to, but not limited to, markets, buyers, seasonality, trends, competition, economics, politics, culture, technology, environment, media and law. These are factors that the organization or the community has no direct control over.

Discussion and Analysis Points:

Aside from discussion how the strengths, weaknesses, opportunities and threats impact the livelihood options, examine the following points as well:

S vs. O: How can the strengths be used to take advantage of the opportunities?

S vs. T: How can strengths minimize threats?

W vs. O: How can weaknesses be addressed to take advantage of opportunities?

W vs. T: How can weaknesses be addressed to minimize threats?

Recommendation & Decision Points:

Given the Strengths, Weaknesses, Threats, Opportunities and the possibility of interventions, discuss with the community and decide collectively on the best enterprise option or a list of top enterprise options.

## Tool #5

# COST - BENEFIT ANALYSIS

The Costs and Benefits analysis go beyond monetary or economical measures. Examine the impacts of the proposed enterprises on other aspects and values of the community such as social, cultural, environmental, etc. From there, review the enterprise options and collectively decide and choose one that meets the values and goals of the community.

Rate the cost and benefit from 1 to 3, where 3 is highest and 1 is lowest. Add up the scores and compute for the net benefit for each enterprise.

		Cost	Benefit	Remarks
Enterprise #1	Economic	1	3	
	Social	3	1	
	Cultural	3	1	
	Ecological	3	1	
	Other			
	Total	10	6	
	Net Benefit	-4		
	(B – C)			
Enterprise #2	Economic	2	3	
	Social	1	2	
	Cultural	1	3	
	Ecological	1	2	
	Other			
	Total	5	10	
	Net Benefit	5		
	(B – C)			
Enterprise #3	Economic			
	Social			
	Cultural			
	Ecological			
	Other			
	Total			

After community members have chosen a suitable enterprise, they enter the next stage. This focuses on the preparations needed before the enterprise comes into operation:

- STEP FIVE** : Conduct a natural resource inventory
- SIX** : Identify target markets from the market study
- SEVEN** : Conduct skills and technology mapping in the community
- EIGHT** : Prepare the people to set up their enterprise
- NINE** : Create the business plan
- TEN** : Develop the business plan into a project proposal
- ELEVENT:** Produce product prototypes and samples and present these to target buyers

- STEP FIVE** : Once the community members have identified the type of NTFP enterprise they will establish, they must ascertain what raw materials and environmental services are available. An inventory of materials is therefore vital in ensuring long-term sustainability. For instance, how much raw material can the forest provide for the business without resources being depleted? Do policies and regulations (e.g. tenure and concessions) impose limits?

The overall aim is to identify:

- The locations of collection areas in the forest
- The volumes of allowable extraction
- How collection should be rotated among the different designated areas.

**CONCEPTS** It is important to calculate the *maximum sustainable yield* which is the volume of raw natural product that can be harvested within a particular time period without hampering its natural ability to regenerate itself. State-issued permits for such collection – also called ‘allowable harvest’ – should be within this rate.

The information is gathered through participatory resource monitoring during which community members themselves are guided to assess the condition of forest resources.

There may already be forest resource inventories, so consultations with the Forestry Administration and environmental NGOs would be a good starting point. But, in any case, some updating may be necessary. Furthermore, community members need to become familiar with monitoring processes – for instance, through interviewing key people in their communities to determine:

**METHOD**

- Species diversity
- Habitat description
- Volume of resources
- Use of resources
- Threats to the sustainability of resources.

Community members validate this information on a land use map , and through forest observation.

They will also identify the indicators that will help them in future monitoring and evaluation exercises. The overall results of this step will guide the composition of continuous management and monitoring schemes that match their specific needs.

The product selection matrix (Tool #6) will help with this stage, as will the participatory resource monitoring tool (Tool #7)

**TOOL**

This step will produce an inventory of the relevant NTFP resources in the forest, volumes, locations, natural regeneration rate, and so on.

**OUTPUT**



## PLANNING FOR BUSINESS SUCCESS

'NGO staff have facilitated the CBCE committee members in developing a monthly plan, based on their business plan, for marketing and production activities'

'Monthly mentoring... enabling members to reflect on business plan activity, improves direction, and plans for business achievement'

Traditional specialists in textile and basket weaving, the Kreung people living in and around the forest in O'Chum district, Ratanakiri, have pooled their resources since 2007 in a Community-based Craft Enterprise (CBCE).

The most significant step to date for the 104 members has been the development of a three-year business plan. This was the result of a two-day workshop, facilitated by (CaNDO and NTFP-EP), during which the participants learnt about the function of a business plan and how its different components – marketing, production, costing, pricing, organization management, payments system and benefit sharing – should operate.

As a result of this workshop, the CBCE members – and particularly the committee members – understand the value of planning, even for a small enterprise. They have created their own vision for the enterprise, which is reflected in the business plan, and are aware of their members' livelihoods calendar. Just as importantly, they have created an inventory of their traditional skills and techniques so that these can be shared. They have also, independently, composed marketing and production plans.

It's a good start, but the skills and knowledge of the CBCE committee members remain low, so the help of their NGO partners is still needed to enable them to implement the business plan. As a result, monthly mentoring is ongoing, which is helping committee members to reflect regularly on what they are learning and to make steady, sound, progress.



**STEP SIX** : Successful enterprises are market driven. So this step aims to identify the best markets for the NTFP products. Who are the target customers? What do they want? What will motivate them to buy the products?

**IDENTIFY THE TARGET MARKET**



The aim will be to identify the most appropriate market segment. That is, the group of potential customers with similar characteristics, who will be most likely to buy the product. For instance, buyers who are attracted by a high quality honey product, produced naturally in a socially positive way, could be considered a 'market segment' within a bigger market of general honey buyers.

## CONCEPTS

The market research and value chain analysis conducted in step two will indicate the market segments with the greatest potential. To pick the best, the community should discuss and compare these with a particular focus on:

## METHOD

- Buyers' profile: What are their preferences, and their behavior in relation to the product?
- The competition: Who else is selling similar products? Can the enterprise compete?
- The industry: In meeting the needs of the chosen market sector(s), will the enterprise be able to respond to opportunities and threats in the industry?

Identification of market segment will also guide the community in how they present the products to potential buyers – the description they use, the qualities they highlight, etc

Refer to the Marketing Strategy (Tool #8)

## TOOLS

At the end of this process, the community will have a market research report, specific to the target detailing the target market segments, their characteristics, their buying behavior and why the product will appeal to them.

## OUTPUT

The community has chosen the enterprise, the volume and nature of the product and the market segment, but do its members have the skills, technology and human resources to bring this to fruition? Establishing this is the next step. An associated inventory will indicate if more advanced skills and technology need to be accessed, particularly in terms of production and processing, marketing, financial procedures and general enterprise management.

## STEP SEVEN :

**ASSESS THE  
LEVEL OF SKILLS  
AND TECHNOLOGY IN THE  
COMMUNITY**

This step is based on skills and technology mapping which is the process through which all the skills and technologies available in the community are listed. It also describes who and when these skills and technologies started, how they progressed (or regressed), and adapted.

## CONCEPTS

**METHOD** This information can be gathered through individual interviews. Go from one community member to another, asking each to suggest the next interviewee. Visiting their homes will also enable you to see some skills in practice – for instance, basket weaving. Note should also be taken of the availability and location of maintenance services for technologies.

From this information, gaps in skills and technologies can be identified, taking into account the preferences of the target market segment(s) for product quality and design.

**TOOL** The Business Plan (Tool #9) and the SWOT Analysis (Tool #4) will guide this process.

**OUTPUT** This step will produce an inventory of skills and technology in the community, and the gaps that need filling.

**STEP EIGHT :** It is important to involve the people in developing the business plan so that they understand what is involved and are committed to it. As mentor, your job is to explain the importance of this stage, and motivate them to take part.

**PREPARE THE  
PEOPLE TO SET  
UP THEIR  
ENTERPRISE**

**CONCEPTS** This step focuses on social preparation which comprises a set of activities conducted by, and with, the people so that they participate fully in the implementation and sustainability of the projects.

**METHOD** Completing this step takes extensive community organization. You will talk to community members individually and in groups. The aim will be to explain to people the process of enterprise development, with business planning as the major starting point. Clarify and address their queries and concerns, and encourage them to commit to, and participate in, the process. This commitment, combined with their existing knowledge, will enable them to start planning the details.

**OUTPUT** At this initial planning stage, you will aim to produce a list of participants who have signed up to the business planning workshop (see step 9) and want to join in the community enterprise.

## MAPPING TO SUPPORT SUSTAINABILITY

For the Bunong indigenous people, honey has long been a traditional resource, and is recognized as such under Cambodia's forestry law. However, commercialization of honey and the consequent increase in harvesting has put pressure on this NTFP resource. So, in 2008, to ensure that supplies are sustainable, and that honey hunters can acquire legal resource rights, a mapping exercise was conducted.

Using a 3D model map, staff from the WWF worked with the honey hunters to guide them in mapping and assessing honey collection areas in the communes of Krangties and Pu Chrey.

Guided by a Global Positioning System (GPS) the team determined the collection area on the ground and tagged and numbered the trees from which the honey is harvested. Information gathered included the Universal Transverse Mercator reading (which plots precise locations), tree species, number of bee hives, corresponding tag number and the volume of honey collected last year.

At the end of the project, the teams had tagged a total of 3,500 bee trees, and the honey hunters are continuing the tagging process. Importantly, 'conservation bee trees' were identified, which are now left untouched to preserve the bee colony.

Aside from identifying collection areas, estimating production and the allowable harvest volume, the mapping exercise can also monitor trends in the population of bee colonies. It has also encouraged honey group members when they sell honey to note the location of collection, the tree tag number, number of combs and the volume of honey collected from that tree. This will show whether the bees return to the same trees every year, and give a rough estimate of volumes of combs or bee colonies in each tree. Honey hunters receive higher prices for their honey if they provide this information.

Future plans include the selection of a sample plot to monitor the harvest even more closely.

*'With the commercialization of honey products and the increased harvesting, there is a need to manage this resource if the members of the Honey Groups want to sustain income from it'*

*'As encouragement, honey hunters who provide complete monitoring information receive higher prices for their honey'*

**STEP NINE** : To be successful, the business plan must come from the community: the whole process of analyzing collectively, discussing and deciding on their business plan helps the people to build their commitment to, and participation in their enterprise.

**CREATE THE BUSINESS PLAN**

**CONCEPTS** This *community-based business planning* process covers all aspects of a business plan through workshops where community members are the main participants. It should include an analysis of the marketing situation and the consequent marketing plan, as well as the operations or production plan. It should also contain the organizational and management plan – including roles of external support organizations – and financial projections, analysis and sustainability plan.

**METHOD** Again, gather the people to take part in a workshop. Divide them into groups to work on different components of the plan:

- Marketing
- Production or operations
- Organization and management

The fourth element – financial projections and analysis – should be tackled after the first three have been completed. They form the basis for a consideration of:

- Target revenues – based on the target number of sales and selling price
- Direct and variable costs – usually the cost of producing the product, based on labour and raw materials
- Fixed costs – administrative and overhead costs (ie, those costs that remain the same whether production is high or low)
- Capital requirements – fixed capital such as machinery, and working capital for daily needs
- Break-even point – the production level at which total sales value equals total costs.
- These figures can be used to analyse – and plan for - overall profitability.

The workshop groups should reassemble for further discussion and to make any necessary amendments to the business plan.

The components may need to be reworked one or more times until the financial projections suggest that the enterprise is viable, and/or other desired objectives become achievable.

After the workshop, a finalized business plan should be created in a conventional format (see the Business Plan tool below) so that this can be distributed to external readers such as donors, NGOs and government offices.

Continue to use the Business Plan (Tool #9) as the guide for this step.

**TOOLS**

This stage will produce a business plan, with financial projections and analyses.

**OUTPUT**

An enterprise is usually at least partly funded from the personal resources of the owners or co-owners. If this is not enough, they seek additional money from external sources – they borrow money, or seek donations or grants.

**STEP 10** :  
**DEVELOP THE**  
**BUSINESS PLAN**  
**INTO A PROJECT**  
**PROPOSAL**

A funding proposal is, therefore, an important tool for acquiring a loan or funding from an external organization. For a community-based enterprise, an approach to a donor is likely to be the most successful. But this will require the proposal to show that the enterprise offers the potential of high socio-economic benefits, with positive environmental and cultural impacts.

The business plan, created during the previous step, could be reworked into a project proposal to seek funding. These funds will relate to the capital requirements indicated.

In a business plan, owners' equity is the part of the capital required that will be financed through the members as co-owners of the enterprise. In project proposals this is called 'proponents' equity'. The owners' equity is usually the basis of profit sharing. In community-based enterprises the members may decide on the minimum and maximum contributions per individual so that the responsibilities and benefits can be shared more easily and fairly.

**CONCEPTS**

Identify possible donors and sources of funding. What is their focus? Do your aims and activities fall within their scope? When and how can you apply? Do they provide application guidelines? It is important to determine these so that you approach only the most suitable sources.

**METHOD**

Each source is likely to have a preferred format for a proposal. But, in general, it is likely to include:

1. The situation or problem being addressed
2. The proposed solution (objectives, strategies and activities)
3. The capacity of the community enterprise group
4. Financial requirements

Ensure that the amount being requested is enough to cover the capital requirements outlined in the business plan.

The community should be closely involved in composing the proposal, and guided in how to present it to a possible donor.

**OUTPUT** The output from this step is a completed project proposal.

**STEP 11** : Before the enterprise goes into full production, it is wise to test the market. Prototypes of products and designs should be produced and presented to potential buyers to see how they react. This is important to ascertain:

**PRODUCE**

**PRODUCT**

**PROTOTYPES**

**AND SAMPLES**

**AND PRESENT**

**THESE TO**

**TARGET BUYERS**

1. Market acceptability – what do potential buyers think about your product? Will they buy it? If so, what price will they pay? What might make it more attractive to them?
2. Design manufacturability – how can the product best be designed so that it is easy – or feasible - for the community to produce?

**CONCEPT**

At this stage, it is important to produce a prototype which is an original form, or a sample, of the product that will be the basis for production.

The design for manufacturability involves making the details of the product design convenient for the community to manufacture, considering the NTFP materials and the indigenous skills they will use. It also considers the use of small gadgets and tools, and also non-traditional technologies, to achieve the required quality standard.

**METHOD**

The business plan describes the product in two contexts:

1. In the marketing section it is analyzed according to the appeal it has for buyers – quality, appearance, functionality, and so on
2. In the operations or production section it will be described by its physical characteristics – size, color, materials used and so on.

Using this information, look for people in the community or outside who could produce the first examples of such a product – the prototype or a sample. Take note of significant factors in this process that relate to elements of the business plan. For instance, how long does the production of the prototype take? What raw materials are needed – volume and type? Do these observations support the statements made in the business plan?

When the best possible prototypes or samples have been produced, place them in a shop, or call a few buyers to comment on them. Take this information

back for further discussion with the community group so that any necessary, or feasible, changes can be made before full production starts.

A product prototype should result from this step, and product samples should have been tested in the market.

## OUTPUT

### WORKING TOGETHER FOR BUSINESS GROWTH

Bunong indigeous communities have been working together to harvest wild honey as a sustainable income-generating enterprises since 2007. They are based in the Community Forestry areas in Pichrada, Mondulkiri.

This successful group enterprise began with a feasibility study, which showed that the honey offered great potential. Training in sustainable harvesting techniques followed, a harvesting group was established, and community members were trained in skills needed to run a community-based enterprise. A market survey then identified the best target buyers.

Of course, the processes did not always run smoothly: some community members did not understand the goals of the enterprise, the enterprise regulations were not always clear and it took time for everyone to understand their roles and responsibilities. But the community members benefited from the support of (WWF and NTFP-EP) who mentored them through the creation of the business plan, ensuring that all key stakeholders were involved. Even so, with little business experience, not everyone followed the plan.

WWF and NTFP-EP also facilitated market negotiations focusing on pricing, volume of supply, quality assurance, payment procedures and transportation. There were challenges there, too, including irregular payments by buyers and difficulty in collecting signatures to draw funds because villagers were often away in the forest.

Strengthening the capacity of the business committee to ensure self-management and sustainability has been an ongoing focus of the project. But there have already been many benefits. The honey price negotiated collectively has risen from 8,000 riel to 25,000 riel (from about USD 2 to USD 6) per litre and there has been greater community involvement in forest management. As an added significant change, women are now represented in leadership positions.

Overall, although it is not a quick process, but with careful facilitation and an increase in the community's capacity for self-management, community-based enterprises like this offer excellent development potential.

*'An internal control system, enterprise development, networking and ongoing training in forest management contributed to strengthening and focusing the enterprise towards achieving success'*

*'To enhance success, further training is required on enterprise management, strengthening internal control systems and effective communication techniques between the committee, villagers and authorities'*

## Tool #6

# PRODUCT SELECTION MATRIX

The product selection matrix helps identify product focus of the community enterprise based on marketability, availability and sustainability of its resources. It asks community members to rate the local products that are available according to four criteria.

- Abundance and distribution. Is there enough to both to meet any existing subsistence and local use and to support an enterprise? Is it available in many places so that it is less likely to be threatened?
- Accessibility – Does the community have legal rights to the resources?
- Ease of harvest & distance from the community Are the sources easily reachable? This may have impacts on the cost and shelf life of a product.
- Ease of regeneration. Is the product able to regenerate so that it is sustainable? Is the regeneration rate fast enough in comparison with the rate of use?
- Marketability – Is there a market demand for the product?

Other things to consider are the threat factors that affect forests, NTFPs and accessibility:

- Type and cause of threat
- Probability of occurrence (high, low or medium)
- When it occurs
- Impact level on ecosystems and plants
- Strategies available to minimize the threat

Using the matrix below, rate from 1 to 3 where 3 is highest/easiest and 1 is lowest/most difficult.

	Product #1	Product #2	Product #3	Product #..
Abundance and distribution				
Accessibility				
Ease of harvesting				
Speed and Ease of regeneration				
Market Demand				
Minimal Threats				
In case of threat, possibility to address them				
Total				

Tally and based on top scorers, select the focus product/s of the enterprise.

Make sure to triangulate and review the given answers above with secondary resources (i.e. previous resources monitoring reports), forest walks and village interviews, market reports, etc.



## Tool #7

# PARTICIPATORY RESOURCE MONITORING

The Participatory Resource Monitoring Tool aims to identify available resources and calculate maximum sustainable yield and involve community members in planning and implementation of resource management activities.

If community members are aware of the overall situation of their natural resources, on which their enterprise is based, and are involved in monitoring them, they will develop a greater sense of involvement in the project, and a deeper understanding of issues surrounding natural resource sustainability.

Through methodologies such as Group Workshop, Village interviews, Forest Walk, Resource Mapping, a rapid, simple resource assessment could be composed, using the following information. The information gathered for the Product Selection Matrix may also be useful in this exercise.

#1	The local name of the NTFP	
#2	The type (i.e. medicinal plant, tree, vine)	
#3	The part used for the product (i.e. the bark, the leaf, the fruit, the resin)	
#4	The purpose of the product (i.e. traditional rituals, to make dye, to weave furniture)	
#5	Habitat (i.e. deciduous forest, swamp, evergreen forest)	
#6	Location (if necessary, use a map)	
#7	Frequency of use	eg. Regular monthly harvest
#8	Volume of Usage / Harvest (volume/unit per period)	eg. 1000 rattan poles per month
#9	Abundance: i.e. approximate (volume/unit)	eg. 10,000 Poles
#10	Accessibility	eg. 3 hours walk away from the community, permit for 1000 poles/month
#11	Regeneration Rate	eg. Every year
#12	Threats to Sustainability	
#13	Existing, Traditional Resource Management Practice	

Go back to items #7 to 11 and rate them from 3 to 1, where 3 is highest and 1 lowest and tally them in the matrix below. Comparisons over time show you whether the conditions are improving or deteriorating and whether the use is increasing or decreasing. Explore the relationship between usage and availability/accessibility.

NTFP	- 5 Years**	- 3 Years	-1 Year	0 Year (Present)	2 Years	5 Years
Availability / Abundance						
Accessibility						
Frequency of Use						
Volume of Use						
Regeneration Rate						

3 – Highest 1 – Lowest \*\* (Or as far back as they can remember or where reports are available)

Review any available resource inventory and triangulate with information gathered from forests walks and the result of the interviews mentioned above.

Based on the analysis of the NTFP's condition, together with the community, develop a plan of usage; establish sustainable volume of usage and indicators of sustainability, and a collection and monitoring system.



# Tool #8

## MARKETING STRATEGY DEVELOPMENT TOOL

You now have chosen the enterprise and the product focus of the community. You will now need to go deeper and think about what the enterprise is all about. This tool gives you an overview of what you have to think about as you develop the enterprise. You will need the information you have gathered and the analyses you have made in the previous tools: SLA, Market Research, and S.W.O.T. to answer well the guide questions posed here.

Target Market Segment	Product	Pricing Strategy	Promotions	Distribution or Place	Sales forecast or target
Who will you sell to?	What will you sell to them?	At what price will you sell your product?	How will you let them know about your product?	How will the products reach your buyers?	How many will you sell in a given period?
Things to Consider					
Be specific about who your target buyer is: their location, preferences, income, buying behavior, values, places they go to, past-time, interests. You may need to go deeper than your initial Market Research, as you become more specific with your buyer.  Different market segments may require different strategies.	Describe the products that you will sell to the identified market: Function, Design, colors, materials, size, the packaging, and most importantly, what makes you different from other, similar products on the market (positioning).	Consider the costs, desired profit, the willingness and readiness of target buyers to buy at a certain price. Think about the price's role in the buying decision as well as the role of the buyer in the value chain or the market.	Explain how you intend to promote or advertise your product to reach targets sales or increase them. Enumerate the different actions you will take. And don't forget the timing.	Describes where and how you will sell your products. Consider the different options of distribution based on location of buyers, buying behavior and your budget. Finally, explain how the products will get there.	This is a projection of the volume of sales in a given period. Based on your income targets, resource availability, and market size, indicate your sales targets. This is important information for forward planning and business investment decisions.

Some Guide Questions:					
Who are they? Where are they located? What is their buying behavior? Where do they buy? What do they buy? Why do they buy?	What characteristics do they value? Function? What is the most cost-effective size, packaging? What colors and designs are on trend? How is this different from the competition?	Does the price cover the costs and the desired profit? Should we price it lower, higher or equal to prevailing prices? Is the buyer willing to buy it at that price? Does the price reflect the perceived value of the product? Are we selling direct to consumers or to retailers?	Where do the buyers usually get their information for this product? What do they read/watch? How do they decide on buying? What resources are available to you?	Where do my buyers usually go to buy this kind of product? Is it a product that customers are open to buy online? Do we deliver? Where are the target buyers found?	How big is your market segment? How much can you produce? How many distribution points do you have? How much inventory can you keep? How many will your buyers buy?
Where to find the information:					
Sales Personnel, Interview of target buyers, Focus Group Discussions, Market Research, Ask competitors (If you can!), Be resourceful!	Market trends, target market surveys, Market research, S.W.O.T. Analysis	Prices of competitive, similar, alternative products; costs; survey from target buyers, Market Research	Market Research, S.W.O.T.	Interview of target buyers, Focus Group Discussions, Market Research	Percentage of the target market, Demand, Production Capacity, Marketing & Distribution Capacity, SLA, Participatory Resource Monitoring, Market Research
Example					
Local Cambodians, 35 – 70 years old, middle market, in Phnom Penh looking for high quality, authentic wild honey. They use it mostly as traditional medicine or for health reasons.	Wild Honey packaged in quality bottle, two sizes: Individual, Family	Price will be higher than low quality honey and equal or slightly lower than other well-known high quality brands to reflect the quality of the product but at the same time make it more affordable to buyers	Information booths, Tasting Booths, flyers distributed in pharmacies and in markets, Word of mouth, local champions (spokespersons – trusted by community)	This will be sold in the pharmacy store, in special booths in Supermarkets and Market days and own Store in Phnom Penh.	100 liters / week

# Tool #9

## BUSINESS PLAN

A business plan explains the objectives and goals of an enterprise and outlines how it will achieve these objectives. Business plans have no standard format, but a simple one should at least include the following sections: General Background, Business Description, Market Description, Marketing Plan, Operations & Production Plan, Financial Plan.

Be concise, but specific. Make it as practical as possible for the people who will use it to guide their decisions and action in the short and the long term, and on a day-to-day basis.

If you have used the previous tools given in this guidebook, you will find that you already have some of the information needed in the business plan. So while it looks like a lot of work, don't worry, you have done almost half of it.

Business Name:

Date Prepared:

Prepared by: (Include all the names of those involved in creating this business plan.)

### I. General Background

This part describes why the enterprise was established, its aims and objectives, and the overall strategy to achieve these.

### II. Business Description

In a short paragraph, describe what the business is all about, its product and/or service, and how it addresses the target market's needs in a unique and marketable way.

### III. A. Market Description

Here, you discuss the market situation, from general to a detailed description of the enterprise's target market segments, the competition and the industry and its trade practices. If you have completed the Market Research (Tool #3), all you have to do is review it and insert it here.

### III. B. Marketing Strategy

This part describes in detail the enterprise's strategies on how it plans to address the target market's needs, carve out a niche in the market and meet its business goals. This strategy is described in terms of a marketing mix, which is composed of products, pricing strategy, positioning and promotional activities, product distribution, and sales targets, which is based on the analyses of the Market Research (Tool #3) and the S.W.O.T (Tool #4). If you have completed the Marketing Strategy (Tool #8), then just insert it here.

### III. C. Sales Projection

Based on the Sales Targets you have indicated in the Marketing Strategy, expand it into feasible and measurable indicators. How many buyers do you need to reach in order to make the target sales? In order to reach this number of buyers, how many shops do you have to be in, and what promotional activities do you have to do?

Remember to make your projections as realistic as possible. Think of your production capacity, your selling capacity, sustainable resource yields, your target market, etc.

Example: Sales target: 100 liters per month in 3 Packaging Sizes.

Table 1. Sales Projection

Sales Target	Volume	Market Segment	Product Item	Price Per Unit	Place	Promotion
20 L	40 bottles	Individual Middle to high End Buyers	Wild Honey in Individual Size Bottle of 500 ml	12.50\$	2 Pharmacy Store 3 Specialty Shops in Phnom Penh	In Store Posters; In- Store Information Booth...
40 L	40 bottles	Mothers / Grandmothers / Families	Wild Honey in Family Size Bottle 1L	20\$	2 Grocery Shops 2 Pharmacies 1 Market Store in Phnom Penh, Home Delivery	Loyalty Card, Giveaways in Packages...
40 L	400 bottles	Budget Buyers	Wild Honey in 100 ml Pack	\$3.00	3 Grocery Shops 10 Corner Stores 10 Market Stores in Phnom Penh,	Flyer distributed in the Market...
Total: 100L						

### III. D. Marketing Plan

Taking the Marketing Strategy and the expanded Sales Projection, as jump of points, make more detailed plans, including activities, schedules and budgets and resources you'll need to achieve these goals. Assess potential Problem Areas (eg. - Value Chain Challenges) and provide contingencies in your plan.

Table 2. Marketing Plan

Marketing Mix	Activities	Resources Required	Potential Problem Area / Contingencies	M 1	M 2	M 3	M 4	M 5	M 6	M 7	M 8	M 9	M1 0	M1 1	M1 2
Product	Product Design	Designer,		x (025)	x										
	Sample Making	Sample Maker, Raw Material	Equipment may not be available,			x	x								
	Package Development						x								
Price	Costing & Pricing	FGD,					x								
	Price Market Testing							x							
Promotion	...														
Place	...														

### IV. Operations Plan

You have established the enterprise's business goals and set the strategies to reach them. We have translated these strategies into a number of products in our sales projection and measurable activities in our Marketing Plan. Now, you will have to think about the implementation of those activities and overall enterprise operations. Who will do them? When are they done? Who makes sure that those responsible will perform? Who will make the products? Who will sell them? How will they get the products to the stores? Who will prepare and record day-to-day expenses and sales? And many other questions.

This part will try to answer those questions and outline how the enterprise will function on a day-to-day basis with its end-goal in mind, covering administrative, organizational/management and production activities. It should include the tasks and responsibilities and the human resources required to do them.

Table 3. Management &amp; Administrative

Area of Work	Objective	Activities	When	Who	Resources Needed
Enterprise Management					
Administrative & Finance					
Marketing & Sales					
Production					

Organizational Structure Using an organizational structure flow chart, show the different departments and members of the enterprise.

\*On a later step, you will be expanding these general plans into systems and procedures. An overview of the enterprise operations and the organizational structure will suffice for now.

## V. Financial plan

As you worked on the different parts of the business plan, you have indicated monetary business goals, strategies and the activities. The financial plans shows in numbers and figures how you plan to reach those business goals and the amount of funds and time you will need in order to carry out the activities you have set out. It includes a start-up budget and a projection of income and expenses and profitability over a period of time.

Things that you will need to think about and answer:

### Capital & Budget

- What does the enterprise need and how much does it need to set up and run the enterprise?
- How much does it need to carry out the activities specified in the marketing plan and maintain the operations indicated in the Operations Plan?
- Where does it get this money?
- When will it need this money?

Table 4. Start-Up Budget

Budget Item	Amount	Details	Total
Ex. Operations			
Salary	\$1,000	X 12 Months	\$12,000



Communication	\$1,000	X 12 Mons	\$
...			
Production			
Inventory			
Equipment			
...			
Sales			
Flyers			
Transportation			
...			
Others			
Total			

Table 5. Financial Sources

Source (Loan, Donation, Equity)	Amount	Period Needed	Interests / Payback Schedule

### Income Target & Profitability

Your target is to get back the money put into setting up the enterprise as well as to meet the target profit and income as soon as possible. The enterprise may not be able to do this in the first year but it should be able to do it at some point. The sooner the better or there is really no sense in being in business.

Think about:

- When does it expect to get back the capital put in? When does it plan to be able to fully cover its expenses from sales? When can it reach its income target? In a year? In two? In three?
- Based on what is feasible, show how much sales it needs to generate in the given period to pay off the capital, to support operations and to meet the target income.
- Review the sales projections you have previously made. Does it all add up? Do you need to increase the budget to increase sales? Or do you need to lessen expenses instead?

Use the Income Statement Template to show the enterprise's income forecasts. (Tool #15) Fill out the projected recurring expenses using the data you have used for the Start-Up Budget.

The aim of the next stage is to turn the enterprise into a working reality.

- STEP 12** : Organizing the enterprise
- 13** : Building skills and knowledge in production
- 14** : Building skills and knowledge in marketing
- 15** : Establishing systems and procedures
- 16** : Supervising and mentoring in the early stages
- 17** : Financial reporting
- 18** : Presenting to the Board of Directors

**STEP 12** : The groundwork done, and finance secured, the next step is to start operating the enterprise. First, the people who will govern and manage the business should be selected. Ensure that all posts are covered at the stage: for instance, although financial transactions may be few in these early days, it is still necessary to put someone in charge so that all related aspects are properly covered, right from the start.

**ORGANIZING  
THE ENTERPRISE**

The difference in – and importance of – the roles assigned to the Board of Directors should also be emphasized.

- Board of Directors members are charged with governing the enterprise, setting the long-term direction and making strategic decisions
- The Management Team members are charged with implementing these strategic decisions, and with putting the business plan into operation on a day-to-day basis.

Although it is not unusual for one person to take more than one role in a business, the integrity, control and transparency of all transactions must always be ensured.

The enterprise will be governed by a *Board of Directors*. This is a group of individuals taken from the community – and sometimes outside - who act as leaders and advisors for the business. The Board members make, set and approve policies, regulations and plans for the strategic direction of the business. Board members are chosen by the community to represent their best interests.

**CONCEPT**

Guide the community members in defining the management roles and in choosing the most appropriate people to form the Board of Directors. They should choose an odd number of Directors so that a majority can always be achieved in votes relating to decision-making.

**METHOD**

Guide the Board of Directors members in their roles and responsibilities and help them in their initial tasks, These will include registering the enterprise with the relevant government agencies, such as the Ministry of Commerce.

You should also help the Board of Directors in selecting a management team for the enterprise. Alternatively, if these have already been chosen, ensure that they are working appropriately with the Directors, and that each group fully understands its roles and responsibilities.

The outputs from this step include:

**OUTPUT**

1. A certificate of registration including the names of the Directors
2. Job descriptions for all staff members agreed and signed by the people selected
3. An organizational chart of the enterprise showing who does what, and who reports to whom

Skills training, study missions and consultation can be used to ensure that community members are able to perform the production tasks outlined in the business plan.

For instance, knowledge and skills relating to accessing and procuring the raw NTFPs are an important element. The inventory of NTFP resources, produced in Step 5, will help here.

The relevant community members may also need on-the-job training in product processing and manufacturing so that the required standard is maintained. The inventory of the community's skills and technologies, produced in Step 7, will help here.

**STEP 13** :  
**BUILDING SKILLS  
 AND KNOWL-  
 EDGE IN  
 PRODUCTION**

**CONCEPTS** The objective of this step is *sustainable forest management*. This is the process through which forest health is maintained so that it can continue to supply the raw materials needed for the enterprise. Enterprise members need the skills and knowledge for sustainable NTFP harvest so that the business can continue indefinitely.

**METHOD** Help the community to identify the production training needed – and suitable trainers - by comparing the business plan with current skills. Examples of areas that may need attention include:

- Sustainable forest management
- Gathering and processing the relevant NTFPs
- Product costing – ensuring that costs are properly calculated for each stage of product production

The design of the training programme should match the needs of the business plan and should cover all skill needs, from basic to advanced. It should be designed so that it can be repeated at regular intervals, and it should take place in a location that is convenient for all relevant community members.

Modes of training could include:

- Lectures
- Hands-on training
- Exchange visits
- Information and communication technology (eg Skype)
- Supervised practical work and personal coaching

Regular training reports can be used as the basis for ongoing improvement in training programme design and delivery.

**TOOLS** Refer to the following tools:

- Training design (Tool #10)
- Training report (Tool #11)

**OUTPUT** Outputs from this step include:

- Training programme designs and modules relating to the production process
- Training reports
- Sample products (especially for production skills training)

## RATTAN GROUPS LINK TO BUILD SKILLS

Prek Thnot Community Protected Area provides a range of NTFPs for the people who live in it, where rattan is the main source of livelihood income. A study conducted in 2007 by Save Cambodian Wildlife (SCW) and the WWF revealed that each household earned on average 116,000 riel (USD 28) per season from rattan. At that time, it was used solely for small craft and fishing baskets.

Since then, however, the two NGOs have, in particular, helped the local communities to better organize their rattan group, to improve sustainable harvesting and management techniques, and to develop handicraft production. For instance, SCW and WWF have involved the rattan group as well as the local authority and rangers in studying the rattan value chain through, for instance, visits to markets, traders and shops along the supply chain for the three main market locations of Phnom Penh, Siem Reap and Preah Sihanouk.

Training has also covered resource management, rattan nursery and plantation management, marketing and business plan production.

Since 2009, the group has also been linked with the Rattan Association of Cambodia, which has especially assisted with handicraft training, market links and general rattan business development.

Among the main achievements is that around 50 percent of the rattan group members now sell finished rattan products to one rattan company and supply to the local market at an average annual family income of 200,000 riel (USD 48) a month. A marketing plan has been developed – as well as techniques for sustainable rattan management and harvesting – and the first rattan nursery in Cambodia has been established.

But there have been challenges, primarily in building trust between community members as well as with members of the Rattan Association of Cambodia. Community members also encountered problems in defining a pricing structure, and there were difficulties in monitoring the harvest because some people were unaware of the relevant management system. Progress has been made but these issues will require ongoing attention if the business is to continue to thrive.

*'The link between the rattan group and members of the Rattan Association of Cambodia was established to enable both parties to engage in a more sustainable production system'*

*'The most important element for success is to build trust with the local communities, to communicate well, to ensure that information is widely spread and to provide tailor-made training to meet needs'*

**STEP 14** : Good marketing skills are vital. To achieve maximum sales, the enterprise members need to understand not just how best to communicate with buyers, but also how to identify what they need, and how the business can respond.

**BUILDING SKILLS  
AND KNOWL-**

**EDGE IN  
MARKETING** As in step 13, on-the-job training can be given to help the community to understand and capture the target market.

**CONCEPT** It is important that the enterprise is market driven. This means that it is focused on producing what buyers need. Businesses that do this are likely to be much more successful than those that are product driven in that they focus primarily on the product, and then try to generate a need in buyers for that.

**METHOD** Training in marketing skills and knowledge could cover the following topics:

- Market scanning – finding out present and future needs of target buyers
- Product development – to match those needs
- Selling skills and developing promotional materials – communicating the product qualities in ways that will attract the target buyers
- Pricing. This includes:
  - How costs are estimated at different production levels
  - What the consequent product price should be
  - How competitors' prices are analysed
- It will also help people to understand factors such as the 'demand curve' – i.e. how demand for a product might rise quickly at first, but might then level-off

As in the previous step, training should be based on the specific requirements of the business (as outlined in the business plan) and the capacity of the members. Trainers should be carefully chosen and training reports be used to improve future programmes, which could be conducted regularly across the lifespan of the business plan.

**TOOLS** Refer to the following tools:

- Training design (Tool #10)
- Training report (Tool #11)

Outputs from this step include:

OUTPUT

- Training programme designs and modules relating to the production process
- Training reports
- Sample products (especially for product development and training relating to product packaging)

Efficient and effective systems and procedures ensure that people know:

**STEP 15** :  
ESTABLISHING  
SYSTEMS AND  
PROCEDURES

1. The steps involved in each task
2. Policies (i.e. what actions are required, what are not allowed, and so on)
3. The reasons for following these steps

A clear identification of the systems and procedures involved in running a business means that different departments can work individually to meet their objectives, but that they also work in harmony with each other. Everyone is clear about how and what needs to be done.

Systems and procedures ensure that all activities required in the business are completely carried out, in accordance with official rulings and regulations – internal and external. They also guide people in determining what they should do in their particular role in the enterprise, and how. All business functions need systems and procedures, but they are particularly important for financial aspects so that money is properly accounted for.

CONCEPTS

Conduct a workshop with the Board of Directors and management team to develop systems and procedures for operating the enterprise. For each step or activity, the following should be identified:

METHOD

- The process (e.g. scraping rattan poles)
- People responsible for this process (e.g. the scrapers)
- The allotted or estimated time for each production lot (e.g. two person-hours for every 1,000 poles)
- The next step, and the people in that (e.g. scaling, and the scalers)
- Actions that are prohibited during this step (e.g. poles must not be left lying on the ground)
- Conditions required (e.g. all poles scraped should be of the required quality. Poles that do not meet this should be separated)

At a more advanced stage, rewards or penalty for people who do, or do not, comply with processes and procedures will need to be included.

The steps must include all the functions or components of the business – production, marketing, finance, and general management – and should be illustrated in a flowchart diagram for clarity. Copies of the diagram should be posted at locations where it can be seen by all enterprise members.

**TOOLS** See the systems and procedures flowchart (Tool #12)

**OUTPUT** At the end of this step, a flowchart diagram of systems and procedures will have been completed.

**STEP 16** : Even after they have received training, groups involved in community-based enterprise will need ongoing mentoring support from technical experts. Such mentors provide regular guidance and technical advice so that the community members have time to practice their new skills and become proficient in their roles. Mentoring support should be gradually reduced over time.

**SUPERVISING  
AND MENTOR-  
ING IN THE  
EARLY STAGES**

**CONCEPTS** Mentoring is a method of training whereby a technical advisor (the mentor) coaches the trainee in his or her daily activities. As the trainee gains in knowledge and skill, the mentor gradually withdraws support.

**METHOD** As mentor, you should aim to provide support to the enterprise at least once a week. The mentor does not actually do the work, but provides coaching whenever problems are encountered or decisions need to be made. As advisor to the manager, you should read reports and discuss them together, plan tactical actions together and supervise operations together.

You should also conduct training in general enterprise management for the manager and his or her team, drawing in external trainers as needed.

**TOOL** Use the staff capacity development plan (Tool #13)

**OUTPUT** This step should produce two outputs:

- A staff capacity development plan
- Project progress reports (relating to coaching and mentoring activities)



## ACCOUNTING FOR SOUND BUSINESS PRACTICE

The Mondulkiri Wild Honey Network (MWHN) was formed in 2009 to bring together two honey groups in the communes of Pu Chrey and Krang Tes in Pichrada district. Its aim was to help members to apply sustainable harvesting techniques and to produce a three-year business plan.

To help MWHN members to build their enterprise on firm financial foundations, (WWF with assistance of CFI and NTFP-EP) provided training on the principles and practice of accounting. During a two-day workshop, participants learned the basics of good financial practice: why good financial management is important, what it involves, and who should do it. They also learned how to cost and price their honey – packed and unpacked – ensuring that all costs were taken into account, and that prices included a suitable profit margin. At the end of the workshop, the MWHN committee members had also learned how to deal with cash and other payments, to explain product cost and price to the buyer, and to calculate how much scope there was for negotiation.

Although low numeracy and literacy rates among MWHN members limit their capacity to fully implement financial management in their network, all workshop participants now recognize the importance of good accounting practices, and many are able to record financial transactions.

*'All participants recognized that accounting is really important for their business and they were very interested in training and had a lot of questions'*

*'Because of low literacy and numeracy, some participants have no capacity to analyze financial transactions or prepare financial statements for the group. External technical support is still neededsupport is still needed'*

Whatever their size, all enterprises need efficient systems for recording financial transactions. Recording gives the community correct and timely information about the performance and the status of the enterprise, and this forms the basis for sound decision-making. The mentor should urge the community group to follow accepted accounting principles (see concept below) so that they can produce simple yet authoritative financial information about their enterprise.

Generally acceptable accounting principles (GAAP) constitute a general standard for financial accounting. The enterprise's recording, summarizing of transactions and financial statement should all conform so that they are generally understandable and acceptable.

**STEP 17** :  
**FINANCIAL REPORTING**

**CONCEPTS**

The enterprise manager should be competent in financial management. This means that, using financial information from financial statements, he or she is able to make sound business decisions, and to adopt measures and actions for the long-term direction of the enterprise.

**METHOD** Help the manager and bookkeeper to learn the bookkeeping system. At the start of the operation, provide the bookkeeper journal books. Every transaction should be recorded in these with accompanying receipts and other supporting documents. The journals cover:

- Cash receipts and disbursements – the petty cash fund released to the cashier, and small expenses paid from the petty cash (usually petty cash payments need approval from the manager)
- Sales - all sales cash or cheques must be recorded and all money deposited in the bank within a given period. Sales information is based on delivery receipts, sales invoices and official receipts that the enterprise issues to buyers
- Payments record – all payments to suppliers and other payees should be made by cheque. The manager and the chairperson of the Board of Directors are authorized to sign cheques, and all cheques issued should be supported by a cheque voucher, and a statement of account or bill issued by the payee.

As the enterprise progresses, other records might be needed. For instance, an inventory might be required to keep track of products submitted by the community to the enterprise.

Financial management training will also enable the manager to prepare and explain simple financial statements, and the Board of Directors members to understand them.

**TOOL** Financial journals (Tool #14) and Financial statements (Tool #15) are tools to help with this step.

**OUTPUT** This step should produce three outputs:

1. Training designs and modules focusing on bookkeeping and financial management for the bookkeeper, enterprise manager and members of the Board of Directors
2. Training reports
3. Journals (a cash journal, sales journal, and payment journal)

It is important that, from time to time, reports about the performance of the enterprise are given to the Board of Directors. This gives the Board members the information they need to make plans about how the enterprise should proceed in the long-run. The associated reporting also keeps community members fully aware of how the enterprise is progressing, and explains the basis upon which future plans are made.

## STEP 18 : PRESENTING TO THE BOARD OF DIRECTORS

The information given to the Board should cover all areas of activity including financial, socio-economic and environmental performance.

Gross profit also called 'contribution margin' is the amount left from the total sales after direct costs (labour and raw materials) have been deducted. This is then used to cover the overhead or administrative expenses and what is left then is net profit. Cash flow equals cash receipts minus cash payments over a given period of time.

### CONCEPTS

Help the manager to prepare the financial statements for the Board meeting. These are:

### METHOD

- The statement of revenue and expenses
- The cash flow statement
- The statement of assets and liabilities. Assets are everything the enterprise owns that has a value, and liabilities are debts etc that are a cost to the enterprise.

Make sure that he or she fully understands the financial status of the enterprise, and help him or her to select the major points to highlight during the presentation (see below).

At the meeting, the manager will:

- Explain the financial statements of the current period (comparing them with those of others as necessary)
- Highlight major points such as sales, cost of goods sold and purchases from the community, gross profit, operating expenses, and net profit
- Indicate, through comparison with similar periods, the enterprise's ultimate profitability, and so on

The three outputs from this step are:

### OUTPUT

1. A statement of revenue and expenses (or 'income statement')
2. Cash flow statement
3. Balance sheet (or 'statement of assets and liabilities')

## BETTER SKILLS LEAD TO BETTER INCOMES

*'Economic benefit is a powerful driving force both for community natural resource protection and for the private ELC commercialization'*

For inhabitants of the Community Forestry area in Veal Kanseng, Kratie, honey has long been the top source of income among the NTFPs they gather. However, until recently, collection could be challenging in that their villages are far from the forest gathering area, and the forest resources were diminishing. As an added problem, low production volumes made selling difficult, as did unorganized and uncoordinated processing, inefficient and low quality processing and packaging, and the high cost of transportation from village to selling points.

The intervention of Oxfam GB and Community Economic Development (CED) has, however, helped to address these issues. Specifically, these NGOs have enabled the villagers to increase their processing and technical skills, given them training in business and marketing skills and ensured that they are aware of laws and regulations relating to business permits and licence fees. They have also helped the villagers to map the honey value chain, providing them with access to small grants, and have linked them with the Cambodia Wild Honey Federation and potential buyers.

*'NRM sustainability can be reinforced by pro-poor value chains for NTFPs'*

Thanks to this comprehensive activity, the community members have become more closely linked in their business activity, while attention to laws and regulations means that they have been accepted by local authorities. The result is that the selling price of the wild honey has increased from 25,000 riel to 38,000 riel (from around USD 6 to USD 9). Selling has become an organized – and therefore much more efficient – activity, and there has been a growth in the volume of wild honey sold over the past year from 660 to 800 litres.

Sustainable outcomes include a popular awareness of, and economic incentives in, sustainable NTFP collection, quality processing and collective action. The link to local authorities and membership of producer agencies will continue to provide user groups with access to expert technical support.

# Tool #10

## TRAINING COURSE DESIGN

Training Courses that work best are those that are customized to the specific needs and the capacity of the participants. Therefore, before starting, clarify the needs you are addressing and understand the target participants of the course, their skills, the way they learn and process information, as well as cultural factors.

Element	Description	Example
The training course title	The title will indicate the topic(s) to be covered.	Fair Pricing for Marketable Products
Course objectives	The purpose of the workshop and the desired outcome such as new skills, new knowledge, and others that you aim the participants take from this course.	At the end of the course, participants will be able to compute for a market acceptable, fair price of their product
Participants	Identify who will participate in this course.	20 women weavers from Ratanakiri with some experience in selling their crafts. Not all are able to read.
Course Content	Identify who will participate in this course.	Identifying Costs & Expenses Setting a Profit Rate Understanding of the Value Chain Wholesale & Retail Pricing Computing Prices You can expand the descriptions in your plan
Training Methods	Based on the capacity and skills of the participants and the subject of the course, describe the methods to be used to facilitate the learning of the participants.	Lecture & Group Exercise: To understand Costs, Expenses, Computation Map of Value Chain: To understand difference in wholesale and retail pricing Role Playing: To understand buyer's decision based on prices. To make the course dynamic.

Course Program / Sessions	The program is the structure of the course. Considering the time and schedule, the topics to be covered, the attention span of your participants, how do you organize, structure the course?	Day 1 9:00 – 10:00 am Ice Breaker / Introduction 10:00 – 11:00 am Lecture 11:00 - 12 noon Exercises Lunch 1:30 – 2:00 pm Feedback & Sharing on first Exercise.
Resource Person/s	Identify the trainer. Do you already have in-house trainers? Or do you need to hire a resource person. Is language an issue?	Lead Trainer: Regional Enterprise Development Officer of the NTFP-EP Facilitator: Local Enterprise Development Officer
Tools & Materials	What will you need to help you with the training? Flipchart paper? Markers? Attendance sheets? Stationery?	Flipchart & Markers Paper & Pencil Calculators Manila Paper
Time	Indicate how long the training will be. Take into consideration the availability and the other responsibilities of the participants as well as their attention span.	2 Days 8 hours / day (including 1.5 hours for lunch break and 15 minutes break in the morning and afternoon.)
Date & Venue	Identify the place and schedule of the training. Are the participants able to travel? Will they have to travel far? Is it the planting season?	April 24 – 25, 2012 Community Center in the village as the women will have to tend to the needs of their family in the evening.
Evaluation	How will you collect participants' feedback	Daily Feedback Session
Budget	Identify all the costs of the training.	



# Tool #11

## TRAINING REPORT

The Training Report documents training results, evaluates outcomes and provides recommendations for follow up actions.

The report of the training course might include the following sections:

### **1) Introduction**

Give a brief background on why the training course was conducted. Indicate the purpose of the training and the target outcome and results of the course, based on the Training Design.

### **2) Results & Outputs**

Based on the given objectives, the feedback of the participants, and observations, discuss the training outcome and whether the objectives were met. Indicate and attach the outputs from the training course (or workshop). These could be action plans, matrix, resource maps, etc.

### **3) Participants**

Give a general profile of participants, the sectors they were from, how many men and women attended, ages and so on. Indicate details of any leaders who attended, and their positions. Finally, provide an evaluation of the quality of participation of the attendees. e.g. whether they were appropriately chosen or whether or not they were enthusiastic in taking part.

### **4) Methodology & Program**

Describe briefly the structure of the training course, the topics covered, the methods and the materials used. Provide a brief evaluation of the appropriateness of the methodology and structure based on the feedback and participation of the attendees and the results. Give recommendations if any.

### **5) Discussions**

Include the documentation of the discussions that were carried out during the training. This section could cover:

- Questions from participants and the answers given
- Issues raised by the participants and resolutions made
- Comments and recommendations

### **6) Agreements/Plans/Next steps**

Should there be action plans, recommendations and agreements that come out of the training, make sure to indicate it in the report for follow up.

### **7) Insights or reflections from the training course reporter**

As observer or facilitator, give your personal reflections and insights on the activity. These could be concerns, questions, ideas, and recommendations.

### **8) Attachments**

Report attachments might include the training program, materials used, workshop outputs, photos, attendance sheets and so on.

## Tool #12

# SYSTEMS AND PROCEDURES FLOWCHART

This tool maps out the enterprise's different activities and their relationships and flow towards a specific goal in the whole enterprise. Use the Operations Plan in the Business Plan as a jump-off point.

**Step 1:** Clarify the objectives and goals for each Enterprise Department such as Management & Administration, Production & Quality Control, Marketing & Sales, Finance, etc.

**Step 2:** Identify all the tasks that need to be done to achieve each goal and objective.

**Step 3:** Review the tasks and sequence them according to the most logical, effective, efficient (minimal time and use of resources) flow. This sequence will become the process. Indicate the outputs that will result from these tasks.

**Step 4:** Clarify and Indicate who will be responsible for each task. Make sure to note their decision points and bases.

**Step 5:** Agree on the guidelines, the rules and regulations in carrying out these tasks. These will be the policies of that department. Make sure that the policies of each department compliment the overall policy of the enterprise.

**Step 6:** Review the relationships of the tasks among the different departments. Show relations and flow of decisions, action and outputs using arrows.

**Step 7:** Indicate points where tasks and outputs need to be controlled or monitored. Make sure to indicate who will do it and when.

**Step 8:** Run through the whole system and procedures with all those involved. Check if it clarifies the responsibilities of each and the relationships and interdependence between departments.

**Step 9:** Give the system and procedures a trial period and come back for review and modify where necessary.

\*Meta Cards may be helpful when carrying out a workshop for this. Use a different color for each Department, and different shapes for the Objectives, Tasks, Person in Charge, Policies, Decision Points (Approval or Reject Conditions), Outputs, Control or Monitoring Activities or Checks, Schedules.



# Tool #13

## STAFF CAPACITY DEVELOPMENT PLAN

This tool aims to identify capacity development needs of the staff in charge of mentoring. It involves the personal assessment of the staff as well as the recommendations of his/her manager.

### Staff Personal Assessment

My job with (employer) \_\_\_\_\_ is \_\_\_\_\_.

(Employer) can tell that I am doing a good job if they can see the following

- .....
- .....
- .....

The five tasks that I do best are:

- 1) .....
- 2) .....
- 3) .....
- 4) .....
- 5) .....

The five tasks I'm not confident in fulfilling:

- 1) .....
- 2) .....
- 3) .....
- 4) .....
- 5) .....

What tasks need improvement?

.....  
 .....  
 .....

How?

.....  
 .....  
 .....

In what other ways can the organization/your manager support you in your tasks and objectives?

.....  
 .....

### Evaluation

How do you think (employer) can evaluate your new learning? What are your indicators of improvement?

.....

### Manager's Assessment

The five tasks that staff does best are:

- 1).....
- 2).....
- 3).....
- 4).....
- 5).....

The five tasks the staff needs improvement in

- 1) .....
- 2) .....
- 3) .....
- 4) .....
- 5) .....

Indicator of Improvement

.....  
 .....

Recommendations for Capacity Development

Area of Improvement / Development	Training & Other Capacity Development Support	Schedule	Budget Required	Evaluation

# Tool #14

## FINANCIAL JOURNALS

Financial journals are records of all the monetary and asset transactions of the enterprise. It is the documentation of all incoming and outgoing transactions of the enterprise. They are records that are updated daily by the assigned book-keeper and are controlled and checked periodically by appropriate personnel and procedures.

The main records you will need to keep are the following:

Cash Receipts and Disbursements / Payment Records

Sales

Purchases

Inventory

### Cash Receipts & Disbursements / Payment Records

Date	Item	Amount	Approved by	Invoice #	Check #	Receipt	Reference
Total							

### Sales Journal

Date	Item Code	Quantity	Total Amount Paid	Total Amount Receivable	Sales invoice #	Receipt #

### Purchases Journal

Date	item/Code	Quantity	Total Amount Paid	Total Amount Payable	Delivery Invoice #	Receipt #

\*Where possible, receipts and invoices should be photocopied as some prints get blurred over time. File all receipts, invoices, and other references in a neat and orderly manner and according to date. Mark folders with inclusive dates.

### Inventory Journal

Item Code	Date	Starting Inventory	Outgoing (sales)	Incoming (purchase)	Ending Inventory	Amount (-/+)	Reference Sales or Delivery Invoice

\*Inventory records should be controlled and monitored through a periodic (quarterly, annual) and spontaneous or unannounced physical inventory.

# Tool #15

## FINANCIAL STATEMENTS

Financial Statements show the financial situation and performance of the enterprise. They are used for business monitoring as well as bases for strategic and development decisions. Provide a monthly, quarterly report to the Manager to help him/her monitor whether the enterprise is meeting its goals for the given period. This will help the manager to take timely actions and decisions. Prepare annual and multi year statements for the management and the board of directors to evaluate the performance of the enterprise versus its set goals and to use it as a basis of subsequent and future goals setting.

Financial journals are important references as well as support documents in preparing financial statements. To have accurate and correct financial statements, you will need accurate and complete financial records.

This tool presents the following statements:

Statement of Revenue and Expenses or Income Statement

Cash Flow Statement

Statement of Assets & Liabilities or Balance Sheet

Date Covered by Report:

Report Prepared by:

Date Prepared:

Statement of Revenue and Expenses / Income Statement

The Income Statement basically tells you the enterprises' profitability and performance. It tells you the sales generated in a given period, the expenses and whether there was an earning or a loss.

References: Financial Journals

Item		Quarter 1 / Year 1	Q 2 / Y 2	Q / Y ...
A	Sales			
B	Less (-) Sales commissions, discounts, etc.			
C	Total Net Sales (A – B)			
	Cost of Good Sold			
D	Beginning Inventory			
E	Add: (+) Purchase			
F	Less: (-) Ending Inventory			

G	Total Cost of Goods Sold (D+E-F)			
H	Gross Profit Margin (C – G)			
	Variable Expenses (Costs related to volume of sales)			
I	Transportation / Delivery Costs			
J	Variable Production Costs			
K	Additional Sales Related Expenses			
	Fixed Expenses (Costs that you spend no matter what your sales volume is)			
L	Salaries, Wages & Benefits			
M	Production Fixed Expenses (rent, etc.)			
N	Production Fixed Expenses (rent, etc.)			
O	Administrative Expenses			
P	Administrative Expenses			
Q	Other			
R	Total Expenses (I+J+K+L+M+N+O+P+Q)			
S	Net Operating Income (H-R)			
T	Less: (-) Tax			
U	Net Income (S-T)			

#### Analysis:

1. How much did you make and spend this quarter/year? Is it according to what you have projected?
2. What was your actual sales compared to your targets? Are you performing as you have planned? If not, what should you do?
3. Are you earning or losing money? If you are losing money, how can you control your expenses? Or by how much should you increase your sales?
4. What is your Breakeven Point?
5. Based on the information given, what can you say about the performance of your enterprise?

#### Cash Flow Statement

The Cash Flow Statement demonstrates the inflow and outflow of cash. It tells you where the enterprise's money is. It shows you whether the enterprise has the available cash it needs in order to carry out the day-to-day tasks in order to meet its targets. It should also be able to help you predict when you will need an additional inflow of cash (i.e. periodic peaks selling season.)

While your income statement may show income, this income can either be stuck in inventory, collectibles or are in non-liquid form, and not enough cash to get you through a certain period. So even if you are profitable, if you are not generating enough cash, your operations might still suffer.

Reference: Sales Reports, Bank Statements, Inventory & Purchases Journals, Cash & Expenses Journals.

Period	Month1	M2	M3	M4	M...
<b>CASH INFLOW</b>					
Cash Beginning Balance					
Cash Received from Sales					
Payments of Collectibles					
Loan / Grant/ Investment Received					
Other Sources of Cash					
Total Available Cash					
<b>CASH OUTFLOW</b>					
Account Payable (For Purchases)					
Operational Expenses					
Equipment and Capital Expenses					
Tax Payments					
Loan & Interest Repayments					
Other Expenses					
Total Disbursements					
Ending Cash Balance (Total Cash Available – Total Disbursements)					

Analysis:

1. Do you have enough cash every month/year to pay your expenses?
2. Are you generating enough cash sales in order to meet your expenses? If not, where does the enterprise get the cash that it is spending?
3. Why don't you have enough cash when your income statement shows that you have made an income? Where is the money? Is the income stuck in inventory? Collectibles?
4. Do you notice a pattern on your cash situation? Are there specific months that you have low/high inflow/outflow of cash? Why is this? What can you do about it?

### Statement of Assets & Liabilities or Balance Sheet

This statement shows what the enterprise owns and what it owes. It also easily shows you whether the business is being run on debt, new capital funds, or with its own income.

References: Previous Balance Sheets, Income Statement, Financial Journals

Item			
A	<b>ASSETS</b>	Q	<b>LIABILITIES</b>
	Current Assets	R	Accounts Payables
B	Petty Cash	S	Loan / Interests Repayments
C	Revolving Fund	T	Taxes
D	Cash in Bank	U	Payroll that needs to be paid
E	Accounts Collectibles / Receivables	V	Dividend to be Paid
F	<b>Total Current Assets (B+C+D+E)</b>	W	<b>Others</b>
	Product Inventory	X	<b>Total Liabilities (Q+R+S+T+U+V+W)</b>
G	Materials		
H	Finished Goods		<b>EQUITY</b>
I	Goods Consigned to Shops	Y	Capital / Funds
J	Others	Z	Retained Net Profit (Accumulated)
K	<b>Total Product Inventory (G+H+I+J)</b>	1	Net Profit of Present Year
L	Furniture & Equipment	2	Loans / Grant / Others
M	Less (-) Accumulated Depreciation	3	<b>TOTAL EQUITY (X+Y+Z+1)</b>
N	<b>Net Property and Equipment (K – L)</b>		
O	<b>Other</b>		
P	<b>TOTAL ASSETS (F+K+N+O)</b>	4	<b>Total Liabilities &amp; Equity (W+4)</b>

Analysis:

1. The Assets should be equal to the sum of Liabilities and Equity. Are they equal?
2. What can you say about the situation of your enterprise? Is your asset based on debt, new funds or on its own income?
3. Is the enterprise moving towards becoming self-sustaining or does it keep needing additional capital through loans or grants?
4. Is the retained income being re-invested to grow the enterprise or is it not used?
5. What else can you say about your business, looking at this table?

### Financial Statement Analysis:

Under each statement, you are given questions to help analyze the situation of your enterprise using the data that is given to you by the financial statements. It is important that you learn how to read and interpret them in order for you to make the most of them.

The quality of your financial statements will be based on the quality of the sources of information, your Financial Journals. It is important therefore that you keep them updated and accurate. Make sure to check all figures with different sources, receipts, invoices, periodic reports, etc. Regular monitoring and established controls and checks will ensure that your records are accurate and up to date.



To ensure that the business is operating in a way that is sustainable over the long-term, it must be regularly monitored

- STEP 19** : Identifying monitoring indicators
- 20** : Developing the monitoring plan
- 21** : Conducting participatory and impact monitoring
- 22** : Preparing the monitoring report
- 23** : Using the monitoring information

**STEP 19** : Through the identification of appropriate indicators, the monitoring process aims to assess the progress of the particular activities in achieving the business objectives.

**IDENTIFYING THE MONITORING INDICATORS**

**CONCEPTS** The business plan will have set objectives. These are usually about:

1. the scope of the enterprise. That is, the number of groups and people benefiting
2. The viability and sustainability of the enterprise – marketing, production management and finance
3. The benefits to people and the community – economic, socio-cultural and environmental

The key result areas are the factors that indicate that a particular business objective has been achieved. For instance, if the objective is to increase the profitability of the enterprise, the key result areas could be increasing sales, an expanding market or improvements in production.

The exact, quantifiable and measureable indicators of the achievement of a key result area are called performance indicators. For example, if the key result area is increasing sales, performance indicators could be a 20 percent annual increase in sales for the next three years.



The mentor will draw together management and staff and perhaps other representatives from the community or from the producers to discuss the business plan, the business objectives and the indicators if these have already been set. If not, the workshop will aim to identify key result areas for each objective, and performance indicators for each. These will then be presented to the Board of Directors for endorsement.

## METHOD

The three outputs from this step are:

## OUTPUT

1. The list of the business objectives set in the business plan
2. The list of key result areas for each of the objectives
3. The list of performance indicators for each of the key result areas

It is important that, from time to time, reports about the performance of the enterprise are given to the Board of Directors. This gives the Board members the information they need to make plans about how the enterprise should proceed in the long-run. The associated reporting also keeps community members fully aware of how the enterprise is progressing, and explains the basis upon which future plans are made.

## STEP 20 : PRESENTING TO THE BOARD OF DIRECTORS

The information given to the Board should cover all areas of activity including financial, socio-economic and environmental performance.

An enterprise monitoring plan or matrix is a table that shows the What, Where, How, When and Who in relation to monitoring the performance of the enterprise.

## CONCEPTS

In the first column	=	activities to be monitored (what)
In the second column	=	sources of information (where to get the data)
In the third column	=	methods for getting the data and the frequency of collection (how and when)
In the fourth column	=	the person responsible for each of the activities (who)

**METHOD** The monitoring plan will be used to identify:

- The performance indicators (the reach of the enterprise, its viability and sustainability, the benefits for, and impact on, the community and the forest)
- The quantity or volume of particular activities needed to achieve each indicator
- Reports and other documents that indicate the completion of these activities
- The people responsible for acquiring this information, the time frame and the frequency of data collection

The manager should display this plan on a bulletin board where everyone involved in the enterprise can see it.

**TOOL** Refer to the Monitoring Plan (Tool #16).

**OUTPUT** This step will produce an enterprise monitoring plan or matrix.

**STEP 21** : It is important for community members to be involved in the impact monitoring process: it will encourage them to take note of what is happening in their community on a daily basis. They might, for instance, note that sales are higher this month, that more time is being spent on weaving, that families now have enough money to send their children to school thanks to the money they have earned from the enterprise, and so on. This information can have an immediate use, or can build towards the production of a year-end report.

**CONDUCTING  
PARTICIPATORY  
IMPACT  
MONITORING**

**CONCEPTS** Participatory impact monitoring is the way in which the monitoring plan can be implemented (see step 20) that generates information about the performance indicators (Step 19) performed by and for the community.

**METHOD** First, the mentor should guide people in what information they need to acquire and how to do this (based on their monitoring plan). During the collection process, this consultation process should continue.

After collection, the data should be consolidated. Show the enterprise manager how to plot the reports from the community members on the income monitoring sheets.

Impact monitoring covers data relating to:

- The reach of the enterprise (the number of groups and the people benefiting)

- The enterprise viability and sustainability (marketing, production, management and finance)
- The benefits to, and impact on, the people and the community (economic, socio-cultural and environmental)
- The details are outlined in the set of indicators listed in the monitoring plan.

Help the enterprise manager to gather similar sets of information at the higher enterprise-level, and analyse these. Usually, all of the information from various communities, when put together, also makes up the enterprise-level income monitoring.

The two outputs from this step are:

1. The guide questions to be given out to community members
2. Trip reports or other accounts from community members telling what they observed during the period

The monitoring of business performance is only useful if reports are used to guide managerial action and to encourage the people to participate in it more fully.

*Impact monitoring report* (Tool #17) is a monitoring system developed by NTFP-EP that uses quantitative measures of the benefits gained as a result of the enterprise and the project. The measurement of gains is based on the positive and negative effects of various factors of the project's involvement with, or activity in, the community, the viability and sustainability of the enterprise, the economic, socio-cultural and environmental outcomes.

Before the Board of Directors' meeting, help the manager to prepare the monitoring reports and materials to be presented. He or she will present the results, explaining the status of each of the objectives set in the business plan – i.e. the current level of achievement and whether or not the business is still on-track to achieve the objective in the given timeframe.

At the end of each year, the manager generally presents the results of the impact monitoring report. This will show the specific achievements of the enterprise in terms of the number of people benefiting, their income, the profit of the enterprise, effects on the environment, and so on.

## OUTPUT

## STEP 22 : PREPARING AND THE MONITOR- ING REPORT

## CONCEPTS

## METHOD

These results should also be presented to the community so that they, too, know how their enterprise is progressing.

In addition, this information can be used in reports and promotional material to attract donors.

**TOOL** Refer to the impact monitoring report (Tool #17).

**OUTPUT** This step should produce impact monitoring reports for the current and past years.

**STEP 23** : Any decisions made for the enterprise should focus on achieving the business objectives. So they should be based on how the business is performing, as indicated by the monitoring reports.

**USING THE MONITORING INFORMATION**

**CONCEPTS** A *vertical analysis* is used to study the performance of the enterprise and make decisions based on the items that appear, vertically, in a financial statement. Vertical analysis calculates the current balance sheet and income statement in percentage terms. This provides information about, for example, what percentage of sales income is spent on marketing, and so on.

*Comparative financial statements (time series)* – also called ‘horizontal analysis’ – enable the performance of an enterprise to be analysed by comparing a particular indicator on the statement with the same indicator in a previous period.

**METHOD** The Board of Directors will make decisions based on the financial and monitoring reports. These will show them where the enterprise performed well, and where it did not. Monitoring indicator analysis and decision making are usually based on vertical analysis (evaluating any variable against the sales that the enterprise generates), or through time series (evaluating the same variables across different time periods). The manager will present possible solutions to problems.

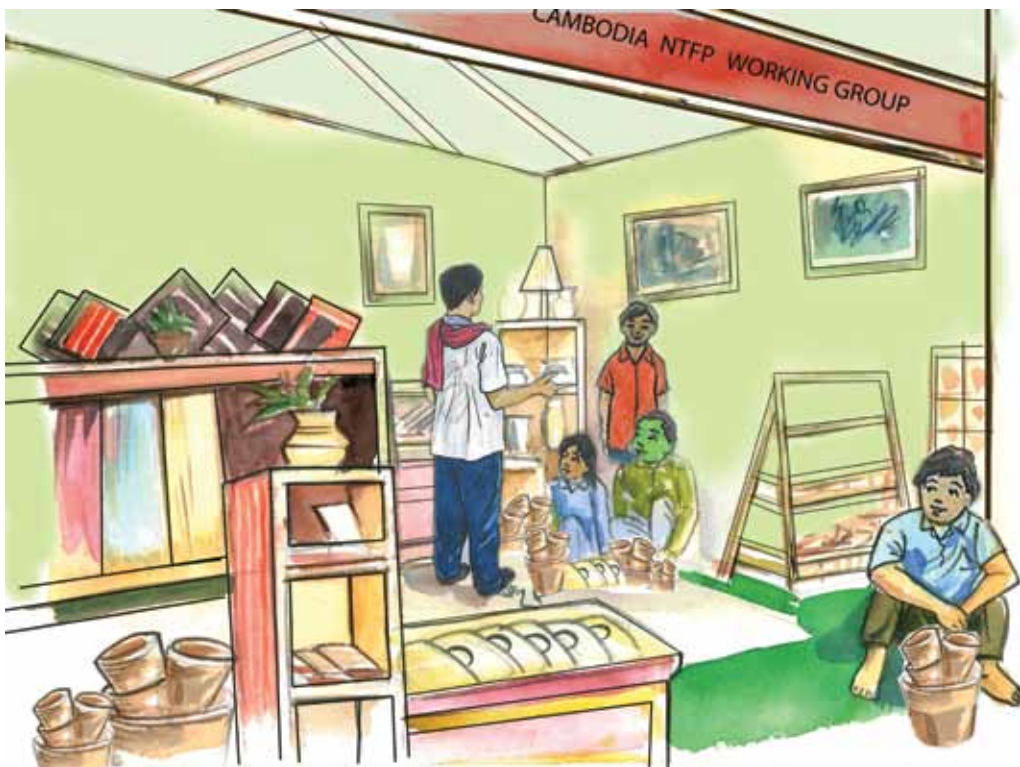
The mentor should support the manager in explaining what the indicators reveal, and facilitate the Board discussion about the issues and possible solutions.

In terms of the day-to-day operation of the enterprise, the manager should base his or her decisions from the information found in the monitoring report. For example, if a certain buyer asks for a discount on the price of the product, the manager can refer to the current financial statement to determine how much he or she could give without affecting the profitability of the enterprise.

The three outputs of this step are:

**OUTPUT**

1. The minutes of the Board of Directors' meeting showing solutions to further improve the enterprise, based on the financial statement and the monitoring indicator analysis
2. Board resolutions on the actions or decisions
3. Comparative financial statements (time series)



## MARKETING SKILLS ENHANCE LIVELIHOODS

*'I am happy to have participated in the rattan furniture and handicraft training because now I can get a higher selling price and the job is not as tiring as gathering rattan from the forest... I will transfer this knowledge to my children so that they can also enjoy a better livelihood...'*  
*Mr Rem Bunthea, a rattan processor*

The Rattan Processing Group has been active in Chrob village in Stung Treng since June 2009, working with the Culture and Environment Preservation Association (CEPA). The group members participate in product exhibitions and trade fairs and sell their products to a wide range of buyers. Many have seen their family income increase to the extent that they are now able to send their children to school.

But this was not always the case. Before the Group formation and NGO intervention, there was little cooperation among the rattan producers, they had no interest in natural resource protection, and were almost wholly dependent on middlemen to traders who bought their products at very low prices.

In short, through the NGO, the villagers have enjoyed access to technical support, and have developed marketing and networking skills. Furthermore, by turning the raw rattan into furniture and handicrafts they have been able to increase the selling price.

Training has specifically focused on the formation of a strong community-based organization that will not only coordinate the villagers' activities, but also enable them to effectively raise community issues and priorities to government and other stakeholders. To address land tenure problems, they have been given assistance with Global Positioning System (GPS) mapping and training in the relevant legislation. They have also learnt the basics of sustainable forest management. Furthermore, participatory mapping of the value chain, training in rattan processing, financial accounting and other business issues, have made their enterprise activities more efficient and effective – they can, for instance, prepare business plans, manage money, monitor enterprise activities and understand the elements of, and people involve in, the rattan value chain.

Above all, they have learnt the importance of market information, and the need to use product exhibitions to link up with new buyers. They have also come to appreciate that rattan products are a highly competitive business sector, and that they will need ongoing assistance to improve quality, design and marketing promotion.

# Tool #16

## ENTERPRISE MONITORING PLAN

Example:

Prek Thnot Community Protected Area – Rattan Enterprise

Monitoring indicator (key result areas)	Source of information	Persons responsible for collecting information	Methodology
Increased total value of sales	Comparative income statement, annual and audited	Enterprise manager	1. Compilation of monthly income statements; 2. Sales analysis
Increased quantity of rattan furniture	Comparative income statement, annual and audited	Enterprise manager	1. Compilation of monthly income statements; 2. Production analysis
Increased in % of products accepted by buyers	Delivery receipts; Summary of sales reports	Enterprise manager	1. Production analysis; 2. Sales analysis; 3. Buyer interviews



# Tool #17

## IMPACT MONITORING REPORT (IMR)

As the title implies, this is a report on the impact of the enterprise and the project interventions on the community and its members. The objective of the monitoring tool is to measure economic, environmental and social net gains by quantifying and qualifying the impacts of the project and enterprise based on agreed upon indicators.

References: Baseline Data, Enterprise Monitoring Data, Financial Statements, Project Reports, Beneficiary interviews.

You will need to report on the following, comparing and analyzing the changes over a set number of years.

- I. **Reach** – The scope and extent where impacts are felt and seen.
  - a. Geographical Coverage
  - b. Number of Enterprises
  - c. Number of Beneficiaries
- II. **Enterprise Viability & Sustainability** – The ability of the enterprise to reach its target profits and sustain its operations in the long term.
  - a. Financial Stability of Enterprise
  - b. Capacity of People to Manage the Enterprise
  - c. Availability of Resource
- III. **Enterprise Results** – The effects and outcomes in the different aspects of the community, whether positive or negative, expected or unexpected.
  - a. Economic
  - b. Social
  - c. Environmental

Use the templates below to record the data you have gathered. Guidelines and Sample questions are also given to help you analyze the given data.

### I. Reach

Geographical Coverage	Y0 (Baseline Data)	Y1	Y2	Y...
E.g. Purchey	2449 ha	2449 ha	2449 ha	2449 ha
Krangtes	1345 ha	1345 ha	1345 ha	1345 ha
Total				
# Of CBNE				



Egg Purchey	0	1	1	1									
Krangtes	0	1	1	1									
Total													
<b># Of Beneficiaries</b>													
Direct	M	F	T	M	F	T	M	F	T	M	F	T	
Purchey: Members	Committees	0	0	0	4	1	5	4	1	5	4	1	5
	Honey collectors	33	4	37	33	4	37	37	5	42	44	5	49
Non Members	Taxi	0	0	0	2	0	2	2	0	2	2	0	2
	Moto Taxi	0	0	0	2	0	2	3	0	3	3	0	3
Subtotal													
Indirect													
Collectors' Family	234	25	259	234	25	259	258	36	294	283	60	343	
Committees' Family	0	0	0	28	7	35	28	7	35	30	8	38	
Subtotal													
Total													

## II. Enterprise Viability & Sustainability

Indicators	Y0	Y1	Y2	Y...
Financial Stability of Enterprise				
Net Income				
Percentage of Expenses covered by Gross Income (Expenses ÷ Gross Income)				
Enterprise Savings due to efficient operations				
Capacity of People to Manage the Enterprise * Rate 1 to 4 is referred to 1= No plan; 2 = have plan; 3 = Have plan but do not implement; 4 = Have plan and implemented				
Marketing				
Develop Plan & Implement				
On time Delivery				
Decrease in Product Rejection				
Product Prototype				
Increase Product Sales				
Operations				
Increase Production Capacity				
Product Order Filled				
Increase Enterprise Efficiency				
Develop Customer Service Support				
Organizational Development & Management				
Business Plan				
Operations Manual				

Enterprise Functional Structure				
Fair Trade Compliance				
Staff Capacity Development				
Finance				
Prepare Finance Policy				
Capacity of Staff to Keep Financial Journals				
Capacity of Staff to Keep Financial Journals				
Capacity of Staff to Prepare Financial Statement				
Capacity of Management to make decisions based on Financial Statements				
Availability of Resource for Enterprise				
Natural <i>*Based on Resource Monitoring, the number of raw materials available.</i>				
Financial <i>*Savings, organizational funding, grants, loan availability and accessibility,</i>				
Human Resource <i>*Number of community members with interest, capacity to work in the enterprise.</i>				
Others				

### III. Enterprise Results

The indicators for Enterprise Results would vary based on what was set by the community at the beginning of the projects. The template below includes the sample indicators but you can add or take out as you and the community see fit.

While it is difficult to quantify, in areas where there are known and accounted costs and benefits pertaining to the socio-cultural and environmental impact, getting quantitative data and/or currency value of each impact is best. Otherwise, descriptive assessment is acceptable.

Indicators	Y0	Y1	Y2	Y...
Economic				
Increase in Income & Profit Potential				
Sales Volume				
Product Value				
Advancement in Value Chain				
Equity due to Profitability of Enterprise				
Household Net Income				

Percentage of Target Income Reached (Net Income ÷ Target Income)				
Percentage of Needs Met (Net Income ÷ Income Need)				
Household Savings				
Supplementary Livelihoods resulting from Enterprise earnings				
Investments (Individual, Community, Project, etc.)				
Individual				
Community				
Funders				
Others				
Loss of other income Sources				
Other losses				
Social or Community Impact				
Infrastructure Development				
Family				
Education				
Gender				
Culture				
Health				
Environmental				
Percentage of Conserved Forest Area				
Percentage of NTFP Resources Conserved				
Percentage of Protected Wildlife				
Percentage of Protected Wildlife				
Percentage of Protected Wildlife				
Accessibility of Resources				
Rate of resource use				
Waste production and/or management				

### Guidelines and Analysis Points:

1. Make sure that you have baseline data that will help you identify the net impact of the project. Carrying out a pre-project baseline data survey and implementing the Monitoring Plan will ensure that you have the data that you need.
2. Make sure that all impacts are documented, direct or indirect, positive or negative, expected or unexpected, qualitative or quantitative.
3. Information gathered should be validated through triangulation with financial documents, multiple interviews, and other sources.
4. Assess the given information according to the following:

## Trends & Changes

Study and discuss trends, changes from one year to the next and patterns across the different project areas.

## Sources of Benefit & Loss

What are the sources or reason of gain and/or loss?

Analyze the factors that contributed to the results?

- Internal factors (within the scope of control of the project)
- External factors (outside the scope of control of the project, factors that are beyond control)

## Multiplier effect

What other impacts came out from results of the project?

Where did they use their income from the enterprise?

What other ripple or multiplier effect do you see in the different aspects? Economic, Social? Environmental?

## Net Impact

Analyze income with Project vs. without the project (same year)

Examine the cumulative gain/loss from the project

## Return on Investment

Where possible, monetize the gains/losses given in the tables above. To help you do this, estimate the investment needed to carry out these ensuing activities and to bring about the results, or the losses that would have been incurred. Make sure to consider only the impacts that are clearly due to the project intervention.

Calculate the return on investment (ROI) by subtracting the initial invested funds (cost) from the monetized net results (benefit) then divide it by the invested fund (cost).  $ROI = (\text{Benefit} - \text{Cost}) \div \text{Cost}$ . This would help show the reach, productivity and efficiency of the initial investment of funds.

A. Gross Monetized Results	
B. Monetized Negative Impacts	
B. Monetized Negative Impacts	
D. Invested Funds	
Return on Investment (D- C) ÷ D	



This field guide provides practical guidance to mentors who work with forest-based communities in Cambodia to enable them to establish community-based NTFP enterprises. Specifically, it provides a step by step process through which mentors can guide communities to choose, establish and then successfully run an NTFP enterprise that will save Cambodia's forests, while making community profits and improving livelihoods. It contains useful tools to help with each step, and case stories that bring the enterprise development process to life.

Above all this handy manual aims not just to guide facilitators and the communities with whom they work, but also to motivate and inspire them in the important task they have undertaken.

The **Non-Timber Forest Products Exchange Programme** for South and Southeast Asia (NTFP-EP) works with forest-based communities to strengthen their capacity in the sustainable management of natural resources.

The **Cambodia NTFP Working Group (CNWG)** is a network of individuals, conservation and development organisations and community-based NTFP enterprises working to support local communities in sustainable forest management and community-based NTFP enterprise development.

The **Learning Institute** works to alleviate poverty and enhance the well-being of people living in rural areas. Its mission is to be a centre of learning, working creatively with others to generate and share knowledge and practices that contribute to the sustainable and fair use of natural resources.



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