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# Opportunities and constraints to supporting small scale forest enterprises in Ethiopia

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# The forest situation in Ethiopia

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- 4 million ha of high forest
- 29 million ha of woodlands
- 26 million ha of shrub lands
- 130,000 ha of highland and 800,000 ha of lowland bamboo
- >500,000 ha of plantations
- Very high degradation levels

# The current situation

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- Lack of control of forest resources (shortages)
- Very limited management
- Massive encroachments in all forest types
- Widespread “*entrepreneurship*” activities extracting products from high forests (fuel wood, charcoal, timber, furniture, NTFP s)
- Informal and disorganized SMFE s

# Types of forest enterprises

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- Public (8)
- Informal community groups/ private (??)
- Forest cooperatives (18)
- Forest user groups (158)
- Forest conservation plc s (7)
- Forest Unions (2)

# Problems with current enterprises

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- Lack of recognition (informal)
- Unstable policies and regulations
- Weak organizational capacity (low bargain power)
- Lack of business knowledge
- Difficulty in accessing credits, technology, information
- High rates of deforestation
- Inadequate market mechanisms/ experiences
- Lack of proper institutional mechanisms

# Strengthening the SMFE s

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- Conduct an in-depth diagnostic of forest enterprise products and services being marketed (formal and informal)
- Organize existing entrepreneurs into workable groups
- Provide business training (business plan, value chain analysis, accounting, cash flow, marketing)
- Assist in business plan/ forest management plan
- Benefit sharing mechanisms
- Move existing informal activities into legitimacy

# Improving links to market

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- Business partnerships between the public enterprises and communities
- Focus more on aggregation functions
- Identify high value market niches
- Adding value to what is going on
- Set up forest product market information systems

# Improving access to financial/ BD services

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- Services by government (federal, regional and local), private sector, NGO s
- Understanding of the types of business or financial skill demands
- Connecting that demand with suitable service providers
- The public forest Enterprises act as trainer of local community enterprise groups

# Conclusions/ Opportunities

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- Federal forest proclamation 2007
- Oromia regional forest proclamation 2007
  - Re-investments/ rural development
  - Founded on the basis private business sector
- Partnership OSFESA and BERSMP
- The Forest Connect Alliance
- Growing market for forest products
- Emerging markets (carbon, certification, etc)
- PNRM approaches