CRITICAL SUCCESS FACTORS FOR small and medium forest enterprises: a pathway to prosperity for forest-dependent communities

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small and medium forest enterprises (SMFEs)

- small-scale forest-based businesses
- wide range of business structures
- generate income from a diverse set of forest-related activities and products

Photo: Neil Palmer | CIFOR
• in the tropics, 80 - 90% of all forestry enterprises and >50% of forestry employment
• 30 million people employed worldwide (+140 million in informal sector)

Photo: Ollivier Girard | CIFOR
SMFEs and local prosperity

- Economic
- Ecological
- Socio-cultural
critical success factors (CSFs)

• areas in which satisfactory results will ensure successful competitive performance of an organization

• means of assessing the external threats and opportunities, and the internal strengths and weaknesses
search strategy:
1) SMFEs (small, forest, enterprise)
2) enabling environments (successes and challenges)

records retrieved from Web of Science = 950

relevant records (based on title and abstract) available = 59
## the SMFE enabling environment

<table>
<thead>
<tr>
<th>forest governance elements</th>
<th>external CSF</th>
<th>internal CSF</th>
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</thead>
<tbody>
<tr>
<td>coordination</td>
<td>1. macroeconomics</td>
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<td>5. management and land use planning rights</td>
<td>12. clustering</td>
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<td>7. natural capital</td>
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the SMFE enabling environment

**Forest Governance Elements**

- coordination
- transparency
- accountability
- equity and inclusion

**External CSF**
- Macroeconomic + Industry (political, economic, technological context)
  1. macroeconomics
  2. regulatory frameworks
  3. forest law enforcement
  4. tenure and ownership
  5. management and land use planning rights
  6. markets
  7. natural capital

**Internal CSF**
- Endowment resources, characteristics, and performance
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the SMFE enabling environment

forest governance elements

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the SMFE enabling environment

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*Macroeconomic + Industry (political, economic, technological context)*

*Endowment resources, characteristics, and performance*
the SMFE incentives framework

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<th>INDIRECT INCENTIVES</th>
<th>MACROECONOMIC DRIVERS</th>
</tr>
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<tbody>
<tr>
<td>Applied indirectly to forest-related products and activities generated by smallholders, but that have an impact for the commercial feasibility of the enterprises.</td>
<td>Incentives that focus on net returns for producers drivers as part of macro-economic conditions.</td>
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<th>SECTORAL INCENTIVES</th>
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<td>Incentives indirectly resulting from policy and regulations imposed in inter-related sectors, such as forestry and agriculture.</td>
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| Favourable factors that affect producers’ management decisions:  
  - Land tenure and resource security  
  - Market development  
  - Infrastructure, research and extension  
  - Financial service provision |

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<td>Granted directly by various agencies, such as governments, development agencies, NGOs, and the private sector.</td>
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| Financial service and capital provision (e.g. subsidized loans, credit)  
  - Technical extension services  
  - Business development services  
  - Cost-sharing arrangements |

Adapted from Nawir (2013); Meijerink (1997); FAO (1999); and Enters et al. (2004)