



SEGUNDO EJERCICIO DE LA FASE DE OPOSICIÓN DEL PROCESO SELECTIVO PARA INGRESO EN EL CUERPO DE INGENIEROS DE MONTES DE LA HACIENDA PÚBLICA

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NEEDS FOR MICROFINANCE AMONG FOREST-BASED SMALL-SCALE ENTERPRISES. PRODUCTION ASPECTS.

Forest-based economic activities include those relating to tree crop planting, production and processing, as well as harvesting and utilization of non-wood forest products. Ecotourism and environmental services are other possible uses of forests, based on the sustainable management and conservation of the natural resource. Small-scale enterprises have different kinds of microfinance needs, depending on the forest products and services generated and their related production aspects.

Timber and tree crop development includes activities related to nurseries, plantations and forest under management plans. Trees are long-term investments with benefits accruing over time. The main challenges of financing tree crops relate to the long-term nature of the investment, and the time lag between initial expenditures during establishment of a plantation (the gestation or immaturity period) and the time of full production. Forest products include short gestating crops such as oil palm, coffee, cocoa and tea, and long gestating crops such as rubber, coconut, fruit trees and timber species. For most tree crops, a substantial part of total development costs accrue in the first year, especially if irrigation works or fencing are necessary, in addition to the planting of seedlings, land clearing and levelling. Costs in subsequent years for weeding, fertilization, disease control, silviculture and partial replanting tend to be much lower.

The risk of investing in tree crops increases with the length of the immaturity period. The main risks are:

- Production risk. Pests and fires etc. can lead to a total loss of the investment in the worst cases.
- Marketing risk. Economic parameters such as input and output prices, labour costs, demand and supply trends and foreign exchange rates impact on the profitability of tree crops and are difficult to predict.
- Financing risk. Due to their long-term nature and gestation periods, considerable resources are tied up for long periods.

In tree crop development it is also important to consider the characteristics of the harvested product. Crops such as oil palm, sugar cane and tea require immediate processing because of rapid quality deterioration after cutting.

Trees are increasingly being planted to support agricultural production systems, community livelihoods, poverty alleviation and food security. Communities and smallholder investors, including individual farmers, grow trees in shelterbelts, home gardens and woodlots, and in a diverse range of agroforestry systems to provide wood, non-wood forest products, fuelwood, fodder and shelter.

Non-wood forest products have a biological origin other than wood, and may be gathered in the wild or produced in forest plantations, agroforestry schemes, and trees outside forests. Examples include food and food additives (edible nuts, mushrooms, fruits, herbs, spices and condiments, aromatic plants, game), fibres (used in construction, furniture, clothing and utensils), resins, gums, and plant and animal products used for medicinal, cosmetic and cultural purposes.



Forests provide a wide range of environmental services, including the protection of watersheds, wildlife habitat, amenity values and carbon storage. The private sector has not so far shown much interest in conservation, but this is changing as forest owners begin to capture revenue from activities such as tourism, bioprospecting and carbon storage. In particular, the potential of ecotourism and recreation as alternative forest uses is attracting increasing private sector investment.

Small-scale enterprises engaged in ecotourism activities will utilize the forest as a source of environmental and cultural attraction, and will therefore be interested in the preservation of its natural and cultural capital. Similarly, environmental services relating to the benefits of forest conservation will entail the non-depletion of forest natural resources, and tolerate only a limited, sustainable exploitation of the forest and its biodiversity.

There are also processing activities that use the forest as a resource base, for example, sawmilling/pitsawing, carpentry/furniture-making, wood-carving and primary manufacturing. Their main constraint is usually accessing raw materials.

Other traditional forest products include wood fuels. For smaller enterprises active in wood fuel, access to finance has not been identified as a main problem in carrying out their activity, although entrepreneurs will still need microfinance services for household purposes.