



NTFP commercialization in Mexico and Bolivia: innovation and adaptation for success

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Structure of presentation

- Background to the CEPFOR research project
- What is a successful value chain?
- Common thread of innovation
 - In resource management
 - In marketing
- Key factors in supporting innovation:
 - Effective collaboration
 - Presence of entrepreneurs
- Interventions in support of NTFP value chains

NTFP commercialisation: factors influencing success



Examined factors
influencing
success of NTFP
commercialisation
through analysis
of 16 value chains
in Mexico &
Bolivia.



The CEPFOR value chains

- A value chain describes the range of activities required to bring a product from the producer to the consumer, emphasizing the value that is realized and how it is communicated
- CEPFOR focused on products that were traded out of the community of origin for cash and/or goods
- Total of 16 value chains traded at different levels:
 - 6 local
 - 7 national
 - 3 international

Country	Product	Species name	Value chain
Bolivia	Organic cocoa	<i>Theobroma cacao</i>	1. Beans; 2. Paste
	Natural rubber	<i>Hevea brasiliensis</i>	1. Latex; 2. Waterproof goods
	Incense and copal	<i>Clusia and Protium sp.</i>	1. Resin
	Jipi japa palm	<i>Carludovica palmate</i>	1. Tourist artefacts; 2. Hats
Mexico	Soyate palm	<i>Brahea dulcis</i>	1. Hats
	Maguey	<i>Agave cupreata</i>	1. Local mezcal; 2. national mezcal liquor
	Mushrooms	<i>Boletus edulis</i> <i>Tricholoma magnivelare</i> <i>Amanita caesarea</i> <i>Cantharellus cibarius</i>	1. Local fresh; 2. National dried; 3. Fresh to Japan
	Pita	<i>Aechmea magdalenae</i>	1. Thread for embroidery
	Camedora palm	<i>Chamaedora elegans</i>	1. Floral greens
	Tepejilote	<i>Chamaedora tepejilote</i>	1. Inflorescence as food



What is a successful value chain?

Value chains can be successful in terms of:

- Volumes or values traded via different routes and incomes generated
- Governance of the chain (i.e. relationships between actors)
- Sustainability of the chain (i.e. ability to deliver a consistent supply to meet demand over the long term)

We looked at a combination of these factors but will focus the presentation on **the common thread of innovation** we found underlying success in all of the case study value chains

Innovation

- Innovation is the introduction of new things or methods
- It enables producers and traders to deal with risk and vulnerability, and overcome key constraints to NTFP commercialization
- Tends to be a response to:
 - 1.Resource scarcity – leading to changes in resource management
 - 2.Change in marketing context, e.g. threat of substitution by a cultivated or synthetic product (rubber, palm), difficult market access (cocoa) – leading to changes in processing and marketing

Resource scarcity: innovation in practice 1

Improved resource management

- 35 % of case studies, including 3 with no resource depletion, initiated efforts;
- Typically occurs where resource is harvested from communal land;
- Often initiated by communities, but benefits from external support (ecological knowledge & organisational capacity);



Mushrooms: zoning & best practice collection

Maguey: land-use rotation & enrichment planting

Resource scarcity: innovation in practice 2

Domestication

- Occurs in 45% of the case studies;
- Usually occurs on “private” land;
- typically consists of transplanting wild germplasm to establish a resource closer to home, rather than improving its quality;
- External support is important
 - Cocoa & basic cross pollination (NGO supported)
 - Pita & understorey agroforestry crop

Successful domestication is determined not just by the biological characteristics of a plant but also by the socio- economic and legal context, and traditional knowledge.

Innovations in marketing: upgrading value chains 1 *(Kaplinsky and Morris 2001)*

Process upgrading

Increasing efficiency of production processes within or between stages of the chain

e.g. fermenting technology for cocoa beans

Product upgrading

Improving or introducing a new product

e.g. new designs of rubber goods to overcome transport constraints



"We are realising that to be successful in the rubber trade has meant needing to innovate and diversify our products, and trying to respond to new customer demands."

*Community member, Santa Rosa Challana,
Bolivia*

Innovations in marketing: upgrading value chains 2 *(Kaplinsky and Morris 2001)*

Functional upgrading

Changes mix of activities carried out
e.g. pita processors associating to market and brand product; traders combining cocoa and dried fish



Chain upgrading

Moving to a new value chain
e.g. new dried mushroom chain, high quality branded mezcal, men becoming tepejilote intermediaries

Factors supporting resilience and adaptability: collaboration 1

- 60% of cases have an existing or incipient community-level organisation
- A few have achieved real horizontal integration (all actors undertaking a particular role working together) e.g. pita producers
- Activities often follow a similar path:
 - First, ensure quantity and quality of product supply meets trader requirements (e.g. camedora producers)
 - Depending on the constraints, engage in resource management and/or processing (e.g. maguey production)
 - Then work on improving relationships with traders (e.g. pita craftsmen)

Factors supporting resilience and adaptability: collaboration 2

- Ability of community to organise itself in favour of NTFP commercialisation depends on:
 - Social cohesion
 - Existence of community organisations dealing with non-NTFP issues
 - Charismatic individuals
 - In some cases, external support
- Type of organisation may depend on resource tenure:
 - harvest from private land leads to cooperatives
 - collectively owned resources lead to communal organisations.

Factors supporting resilience and adaptability: good intermediaries 1

- Collaboration does not just take place within communities, but also between producers and entrepreneurs
- In almost every one of our value chains, we found one or more entrepreneurs were key to sustaining the chain.
- The essential role of these entrepreneurs is:
 - to bridge information gaps (making contacts between producers and consumers), including identifying new market niches;
 - advance capital to ensure consistent product supply;
 - provide training and information to ensure product quality, in some cases, to help organise communities.
 - help overcome physical access to markets

Factors supporting resilience and adaptability: good intermediaries 2

- In spite of their positive role, there is a risk that entrepreneurs may obtain an 'unfair' share of the profits along the value chain – not observed in our cases.
- Only 3 cases of vertical integration, i.e. where successive stages of the value chain are under the control of one entrepreneur.
- This enables the entrepreneur to reduce their own risk by verifying quantity and quality, and is more likely in cases with differentiated product quality, complex processing and/or difficult transport requirements
- Entrepreneurs are particularly important for long value chains where products are exported outside the country.
- 'entrepreneurs' may be private individuals acting as intermediary traders, or presidents of producer associations or NGO staff members.

Supporting sustainable NTFP commercialization: Government interventions at the national level

Policies

- Macro-level policies affecting input costs (e.g. ammonia)
- Stimulation of demand for some products through trade policies affecting competitive imports (e.g. rubber)
- Rural livelihood support focused across several sectors
- Policies specific to NTFP sub-sector: special trade promotion, branding, food standards, etc.
- Support to intermediaries (entrepreneurs and NGOs)
- Natural resource use and conservation policies

Public investments

- Rural infrastructure (roads, electricity, communications)
- Rural markets
- Education

Supporting sustainable NTFP commercialization: Direct assistance to communities

Supporting the informal sector: could be NGO, GO or PS

Community organisation

- Promote organisation at producer and processor levels
- Build on existing community organisations
- Facilitate links between actors in the value chains

Support to women

- Focus activities close to home and/or help overcome constraints imposed by traditional domestic role

Support to entrepreneurs

- Basic business development skills

Supporting sustainable NTFP commercialization: Direct assistance to communities

Market information

- Provide information and training and support to use it to community's advantage



Resource management

- Technical and organisational know-how for resource management
- Support to fulfill regulatory requirements



Arte Campo, Bolivia & the jipi japa palm

Photos CARE Bolivia



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