Breakout Group 1
Exploring the Value Chain: Opportunities and Constraints

Sep 14th, 2011
Exploring the Value Chain: Opportunities and Constraints:

Three Value Chains:
- Shea Products (filière karité)
- Timber/Fuelwood (Bois de Charpentes/Bois de Chauffe)
- Land-use changes/decisions

Questions:
- Based on your experiences or/and what you saw in the field, what is the value chain? (A partir de vos expériences ou / et ce que vous avez vu dans le domaine, quelles sont les différents éléments/composante d'investissement)
- What are the opportunities for advancing the value-chain? (Quelles sont les opportunités de développement ?)
- What are the main constrains (in policy/services/market) for advancing the value-chain? (Quelles sont les principales contraintes (au niveau des politiques /des services/du marché) au développement ?)
Main Actors:

- **Self/cooperatives** - nuts to butter (mostly women)
  - Non-certified: women process themselves; certified: they sell to coop and coop processes

- **SMEs** (buy butter and process into cosmetics/soap/juice)

Middlemen buying nuts (mostly men)

- **International buyers, exporters, cooperatives** (as well as secondary/support actors?)

**Other Actors:**
- Certifying agency
- **Support Actors:**
  - Local microfinance, national banks, bilateral TA, NGOs, CBOs/associations, technical quality assessment & improvement (done by private entities, sometimes providing support but sometimes doing it directly)
  - Research

**POLICY**
- Decree protecting resource (state) – strategy for value addition (2010)
- Easy to create women’s group; agency for promotion of NTFP
- Diminishing source (raw material)
- Enforcement, illegal harvesting of immature fruit; (being driven by market demand (they accept green fruit so even if chefs say you shouldn’t now, it’s too strong of demand)
- Lack of awareness of legislations/guidelines outside cooperatives
- Weakening of traditional practices (marking trees)
- Tenure? Can’t harvest from “private land” (is this community members’ farms, with legal title or is it state land?)
- Upcoming bill that states that actors in different chainlinks can’t be the same (mixed blessing)

**TECHNICAL/MARKET SUPPORT**
- Trade fairs
- Financial support: short term support
- Non-holistic NGO support
- Cost of technology/equipment (not aligned with financing)
- Market access
Group 2

Fuelwood / charcoal / timber value chain
Wood value chain

- Community wood cutters
- Processors / charcoal or timber
- Union / transporters
- Traders
- Consumers
Constraints

• Community
  – Perception of forests and wood as a free unlimited resource
  – Slow natural regeneration / climate change
  – Lack of forest land transfer to communities
  – Bureaucratic process of getting commercial use rights
  – Competition for land from foreign investors
  – Social tensions between traditional chiefs and union structures
  – Lack of capacity and organisation to run businesses well
Constraints

• Union
  – Lack of efficient processing technology for timber / charcoal
  – Lack of diversity in product sales (e.g. no NTFPS / ecotourism etc)
  – Difficulty in attracting finance
  – High interest rates (2% per month)
  – Price too low (2200 CFA/cubic metre)

• Trader
  – Easy profits!

• Consumer

• Local government
  – Poor knowledge of forest management and decentralisation laws.
Opportunities

• Community
  – Develop agroforestry to grow wood on farm
  – Think of how to regenerate resource
  – Capacity building / organisation / literacy training
  – Need a price increase

• Union
  – Explore carbon financing to add value to wood and create incentive for sustainable management
  – Think about plantations – do research
  – Invest in efficient processing of timber / charcoal
  – Explore certification to gain access to high value markets

• Trader
  – Sensitive consultations and negotiations on price so that an increase is not passed on to poor consumers
Opportunities

• Consumer
  – Work to spread efficient stove use

• Local Government
  – Translate law into local languages
  – Build feeder roads
  – Speed up transfer of forests to communities
  – Build on willingness of Mayor to support communities
  – Explore wood-based rural electrification

• NGOs
  – Help gain access to international investment funds
  – Update figures on forest resource and use with government
Breakout Group 3

Land Use Changes: agricultural land, agroforestry, tree crops etc.
Value Chain Components

• Capital
• Tenure
• Laws / regulations
• Value system (Knowledge, Skills & Attitudes)
• Market
Issues in land use change

• Tenure
  – Can anybody acquire / register land?
  – How much does it cost?
  – Is literacy required?

• Capital investment
  – Irrigation, clearance, improvement
  – Ability to experiment with different crops
• Market knowledge & connections
  – e.g. value addition through processing
  – Crop selection & specialization

• Technology: know-how and access
  – Openness to innovation

• Local control
  – Is aggregation and purchase of land by investor a precondition for capital investment?
  – How was purchase negotiated? (FPIC)
• Land Use Investor still dependent on local people for labour, local knowledge, co-operation.
  – Will classic capital / labour relationship work?
What holds back investment by smallholders?

• Entrepreneurs seek risk & reward – small farmers may not be able to afford the risk
• Scale – role of subsistence
• Knowledge, Skills, Attitudes
  – incentives, needs, ambition (my family rather than my bank balance)
  – Literacy
  – Why is formal tenure necessary?
• In context of free (non-market) resources, is investment by local communities mis-directed? Does specialization make sense?

• Is tenure pre-condition for capital investment, or does “development” from improved income (e.g. through processing) lead to more knowledge that formal tenure is important?

• Trade-offs – total control (and less income) may be preferred to loss of control (and regular labour income, or higher risk)
• Is “social business model” holding back communities?
• CSR-led investment may not be all it appears
• Soft investment should create organisations and institutions that protects endowments and entitlements, and helps communities leverage those into sustainable enterprise development on their own terms.