

SAFIRE

NGO Regional Natural Products Development Initiative

DISCUSSION PAPER

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NGO Regional Natural Products Development Initiative

PREFACE

SAFIRE is a Zimbabwean-based regional NGO that seeks to promote economic growth in rural areas based on sustainable and productive management of natural resources. The present initiative forms an extension of SAFIRE's recent work in several countries, which has attracted support from several donors. SAFIRE's approach is to canvas support for the ideas, learn from the experiences of others and build a consensus among like-minded organisations.

However, although there is a strong expectation that this development initiative will result in some form of regional collaboration, SAFIRE as an independent institution has neither a predetermined notion of the outcome of the democratic process nor an automatic commitment to the proposed institutional arrangements.

The International Fund for Agricultural Development (IFAD) has provided a grant to fund the execution of this fact-finding and programme formulation exercise by SAFIRE. The opinions expressed are those of the consultants and do not necessarily represent any official view of either IFAD or SAFIRE.

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Discussion Paper

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ABBREVIATIONS AND ACRONYMS

BI	The BIOTRADE Initiative (UNCTAD)
BOCOBONET	Botswana Community-Based Organisation Network
CARE	Committee for American Relief Everywhere
CBD	Convention on Biological Diversity
CBNRM	community-based natural resource management
CBO	community-based organisation
COMPASS	Community Partnerships for Sustainable Resource Management in Malawi
FAO	Food & Agriculture Organisation (of the United Nations)
GNRT	Gwezotshaa Natural Resources Trust
GRZ	Government of the Republic of Zambia
GTZ	German Technical Development Co-operation
IFAD	International Fund for Agricultural Development (of the United Nations)
IPR	intellectual property rights
ITDG	Intermediate Technology Development Group
IUCN	International Union for the Conservation of Nature
KyT	Kgetsi ya Tsie
MDA	Mineworkers Development Agency
NaProTA	(Southern African Regional) Natural Products Trade Association (<i>proposed</i>)
NGO	non-governmental organisation
NP	natural product
NTFP	non-timber forest products
Oxfam	Oxford Committee for Famine Relief
R&D	research and development
RSA	Republic of South Africa
SAFIRE	Southern Alliance For Indigenous Resources
SEDAP	South-Eastern Dry Areas Project (Zimbabwe, IFAD)
UNCTAD	UN Conference on Trade and Development
USAID	United States Agency for International Development
USD	United States Dollar
veld	open pastureland
VPR&D	Veld Products Research and Development

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SUMMARY

Many NGOs operating in Southern Africa have sought to address the increasing incidence of rural poverty and environmental degradation in dry areas. Following the market reforms and general retreat of governments from active interventions in commerce and trade in the 1990s, the combination of increasing populations and the phasing out of subsidies has reduced the economic carrying capacity of marginal agriculture. This trend has brought into sharp focus the need to seek alternative sources of income to supplement rainfed arable and extensive livestock production. One promising development option is the sustainable exploitation of natural products accessible to communities.

Independently, several NGOs with differing profiles have converged on community-based natural product development and marketing, either as an incoming-generating activity within a community development context or as part of appropriate land-use technology from an environmental perspective. At the same time, the scope and capacity of NGOs have risen sharply over the past five years as their operating environments have become more favourable and external donors have become more willing to back alternative engagement modalities.

Through its own programme experience in several countries, the Harare-based NGO SAFIRE realised that it and sister organisations were reaching limits to their ability, alone, to handle the whole natural product trade process from “bio-prospecting” through to community mobilisation, product development, marketing, sales and, crucially, the return of hard cash to the rural producers. Consequently, SAFIRE decided to investigate the possibility of some form of regional collaboration that would make better use of available resources. SAFIRE persuaded IFAD to provide a grant to fund an exploratory process, to invite regional NGOs to collaborate for mutual benefit. Also in 2000, SAFIRE convened a Natural Products Working Group on a national basis in Zimbabwe.

This *Discussion Paper* has been drawn up as an expanded concept note to concentrate attention on the key issues and provide a springboard for the next step in the consultative process: a Regional Business Meeting convened in November 2000. It draws on earlier notes prepared by SAFIRE and the findings of a mission by four consultants to Botswana, Malawi, Namibia, Zambia and Zimbabwe in the three weeks from 2 August 2000.

With differences in emphasis and detail, the views of many NGOs converge on:

- the conviction that natural products present a real opportunity for sustainable supplementary income generation for poor communities with access to natural resources;
- acknowledgement that past NP development interventions by NGOs have been relatively successful with community development and technical trials, but have fallen down on marketing and “closing the loop” of cash returning to primary producers; and
- recognition of the imperative to make optimum use of the very scarce resources available for investment in NP development and marketing for the benefit of communities.

A case is made here for the creation of an effective institution able to operate as a (Southern African Regional) Natural Products Trade Association (NaProTA), to complement the work of individual NGOs. There are evident gains to be made from rationalising and prioritising current efforts, even if incremental resources are not forthcoming. However, the time is right for a more radical and proactive set of remedies to unlock potential incomes for marginalized households across the region. The three activity areas indicated for the trade association are **networking**, **product research and development**, and **marketing**.

The initiative seeks to apply a businesslike approach to the generation of supplementary incomes for communities, through increased efficiency in natural product development and marketing within the region, and a concerted effort to improve external commercial links. The emphasis is on the application of high quality technical and professional skills to open up trade in a succession of products based on natural, financial and other resources accessible to poor households.

Whatever the profile of any resulting institutional set-up, it is expected that greater co-operation among service providers will bring direct benefits to communities and will provide a forum for additional donor assistance. At the same time, it can serve as an instrument in promoting linkages with policy makers, commercial operators, research institutions and other important actors.

There is every reason to believe that a useful collaboration can be devised with the coincident UNCTAD BIOTRADE Initiative, which has targeted Southern Africa (all countries) for programme inception in the near future, and with other multilateral agencies such as IUCN and FAO.

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1. BACKGROUND TO THE INITIATIVE: THE CONSULTATIVE PROCESS

1.1 Natural products in a regional development context

1. Since the early 1990s in Southern Africa, it has become increasingly apparent that the conventional agriculture-based model of rural production has failed, at least in the marginal lands, to deliver on its promises of sustainable food and livelihood security for all. Following the market reforms and general retreat of governments from active interventions in commerce and trade, the combination of increasing pressure from rising populations and the phasing out of subsidies has reduced the economic carrying capacity of marginal agriculture. This trend has brought into sharp focus the need to seek alternative sources of income to supplement rainfed arable and extensive livestock production. One promising development option is the sustainable exploitation of natural products (NPs) accessible to economically marginal communities.
2. The general trend in the dryland areas of many countries has been for declines in per capita annual food production, per hectare annual agricultural yields and per capita real annual incomes. As the ecological integrity of much of the cultivated land has been impaired, population densities have increased, agricultural input costs have risen, structural adjustment and market reform programmes have begun to bite, the balance of trade has shifted in favour of the industrialised nations, and the effects of recurrent droughts have become more damaging, so the search for alternative rural production systems has intensified.
3. Efforts have been made in the past to invest in alternative production systems for dryland areas: agroforestry, permaculture, low external input sustainable agriculture, integrated livestock and wildlife management and community-based natural resource management (CBNRM) have all contributed valuable ideas, but none have succeeded in resolving fully the fundamental problem. With limited access to markets, land shortages that inhibit extensification, an inability to obtain the required agricultural inputs to keep production at sustainable levels, and an apparent lack of viable economic alternatives, rural people find themselves locked into ever-deepening poverty and environmental degradation.
4. The high diversity of natural resources found within Southern Africa suggests that there are a range of livelihood options to be derived from their management and utilisation. Foods, fuels, construction materials, medicines and household implements are just a few of the goods that rural communities already derive from the veld and forest areas. Locally, nationally and globally, the market demand for natural products is on the increase.¹ As yet, however, there has not been a wholesale investment in the development, commercial production and marketing of natural resource-based products from the region, and so a production system that integrates natural resource management with agricultural production has not yet presented itself as a viable land use option or livelihood strategy.

1.2 Background to the present initiative

5. Many well-established and new NGOs operating in Southern Africa have sought to address the increasing incidence of rural poverty and environmental degradation in dry areas. Independently, several NGOs with differing profiles have converged on community-based natural product development and marketing, either as an incoming-generating activity within a community development context or as part of appropriate land-use technology from an environmental perspective. Very few commentators now believe that agricultural development alone can reverse the rapid economic decline of households living in marginal agro-economic areas across the region.

¹ The vast range of potentially commercial natural products present in the region is indicated in Annex 2. A functional definition for present purposes is discussed in Chapter 2.

6. The NGO scene in the target countries is still dominated by “Northern” organisations, with a large number of relatively feeble local groups. This picture is changing rapidly following liberalisation and the localisation policies of the Northern NGOs, but several managers responded to the present initiative with the suggestion that funds should be directed to local NGO institution-building in the first instance. This understandable response points up the importance of devising appropriate remedies for the immediate future and then seeking funds, rather than dreaming up ways of spending additional donor money. The scope and capacity of NGOs have risen sharply over the past five years as their operating environments have become more favourable and external donors have become more willing to back alternative engagement modalities.

7. Through its own programme experience in several countries, the Harare-based regional NGO Southern Alliance For Indigenous Resources (SAFIRE) realised that it and sister organisations were reaching limits to their ability to handle the whole natural product trade process alone, from “bio-prospecting” through to community mobilisation, product development, marketing, sales and, crucially, the return of hard cash to the rural producers. Consequently, SAFIRE decided to investigate the possibility of some form of regional collaboration that would make better use of available resources. SAFIRE persuaded IFAD to provide a grant to fund an exploratory process, to invite regional NGOs to collaborate for mutual benefit. Also in 2000, SAFIRE convened a Natural Products Working Group on a national basis in Zimbabwe.

1.3 Consultative process

8. The first stage of the resulting interactive programme design process was a mission to canvas the opinions and potential support of interested NGOs in, initially, five countries: Botswana, Malawi, Namibia, Zambia and Zimbabwe. A team of four external consultants discussed the issues in those countries in the three weeks from 2 August 2000.² The general findings were very positive, certainly justifying further steps in the preparatory process. There was both a general convergence of views among concerned NGOs across the region, despite a variety of institutional profiles, and strong support for the creation of an effective cross-border organisation.

9. This *Discussion Paper* should feed back into the collaborative process by being exposed to review by those NGOs canvassed for opinions by the present mission and a broader group of interested parties including the leading group of NGOs in Zimbabwe. It will then form the main background document for the Regional Business Meeting called for November, with a second edition presented there to incorporate any corrections and clarifications indicated by reviewers. Depending on the decisions reached, the *Discussion Paper* would then contribute to the background material in any applications generated for donor funding.

1.4 Outline of Discussion Paper

10. Chapter 2 sets out a working definition of NPs and suggests selection criteria for the identification of suitable regional resources for targeting for investment. The present and possible NP sectoral development activities of various stakeholders and the regional scope of the present initiative are reviewed.

11. The “state of the art” is assessed in Chapter 3, placing NP development firmly in the realm of poverty reduction and commenting on trends in both supply and demand in the NP market. Chapters 4 and 5 review the constraints on increasing NP trade, at the macro and producer levels respectively.

² In the companion volume *NGO Regional Natural Products Development Initiative – Conduct of the Preparatory Mission*, the points arising during discussions in each country are set out with no attempt made to synthesise the views expressed. These points are followed by some commentary on local situations for natural products trade, presenting the observations and problem analysis of the individual team members, and a record of preliminary reactions observed in each country to the present initiative and preliminary programme proposals.

12. Chapter 6 touches on remedies accessible to governments and intergovernmental organisations to expedite growth in free market NP trade within and between countries in the region and with customers elsewhere. The process is presented as a once-off transitional phase placing NPs within the mainstream of domestic and export trade. Some of the appropriate interventions of NGOs to support this process, both singly and in unison, are proposed in Chapter 7.

13. Experience has shown that success in generating trade in a particular NP does not necessarily result in benefits to the primary producers and gatherers involved, a paradox of great concern to several NGOs. Chapter 8 sets out some of the recognised threats to intended community benefits.

14. If agreement is reached on the need for a trade association, the design has to be right and the new body has to command wholehearted support from the NGO constituency. Chapter 9 discusses possible institutional arrangements and Chapter 10 the steps required to bring NaProTA into being.

2. DEFINITIONS AND SCOPE OF THE INITIATIVE

2.1 Definitions

15. The term “Natural Products” has been found to be the most useful shorthand for the domain of the initiative; the recognised but narrower “Non-Timber Forest Products” was used in documents until the August mission. Within the broad definition of NPs as organic resources (flora and fauna, not minerals), the present context narrows the functional range to indigenous (not exotic) forest/veld or commons-based resources available to communities. It is noted that there are West-East differences in region in the ways in which NPs are discussed; Malawi’s ecological and market situations, for example, share more features in common with Mozambique than with Botswana or Namibia.

16. NP categorization is complicated by the multiple uses of some resources. The baobab plant, for example, is used for crafts (fibre), nutrition (fruit), oil and stock feed (seed), and energy (stem). The extent of processing between harvesting and final sale varies greatly between products, from none to multi-stage extraction and refinement. A further important criterion is the length of the marketing chain, from very local to intercontinental, as complications and costs increase with distance.

17. Further criteria, pragmatic rather than dogmatic, are needed to guide the selection of NPs for priority development investments in the region. The following have emerged from the internal approaches of national NGOs to the prioritisation of their very scarce development resources.³

- Products derived from natural resources whose ecology and management are well understood.
- NPs occurring in relative abundance and potentially significant quantities.
- NPs significant in at least two participating countries.
- NPs unique to the region.
- Product types with known markets.
- Existing research about resources.
- Associated NPs and production technologies.
- Resources accessible to communities with some skills in ecological management, technical production and marketing.
- NPs with relatively rapid development prospects, to deliver cash benefits to producer communities in a reasonable time.
- Tangible commodities, (not tourism).
- New products (not crafts), implying both R&D investments and marketing activities.
- Products with effective entry barriers to large-scale commercial farmers, (for example, unpredictable, tree-based and/or very labour intensive).

2.2 Multilateral/governmental developmental activities

Public sector interventions

18. NP trade forms part of overall free market exchange, which is neutral with regard to the economic and practical circumstances of participants. Poor communities have to compete like all other market players. With liberalisation, governments are involved less and less in the conduct of trade or control of markets, but retain an important role in generating conditions for trade to flourish. They have the support of intergovernmental organisations that are engaged in general trade promotion both within and between

³ A subset of this list of criteria has been applied by the new Natural Products Working Group in Zimbabwe, as indicated in Annex 2.

countries. The provision of targeted assistance for poor communities to engage in trade in general and NP supply in particular has fallen mainly to NGOs.

19. The role and activities of the state with regard to NP development varies within the region. The persistence of a strong bias in terms of extension and infrastructural support for rural producers towards arable cash crops does little to encourage alternative production systems. In Namibia, there would appear to be a relatively advanced relationship between the state, NGOs and other research institutions as the various role-players have tried to rationalise activities and apportion responsibilities. In Zambia, collaboration between GRZ and NGOs for NP-related programme implementation has proved rather difficult because of weak institutional capacity within the Departments.

The BIOTRADE Initiative

20. The current developments coincide with the UNCTAD BIOTRADE Initiative (BI), which has targeted Southern Africa (all countries) for programme inception in the near future.⁴ This new programme has limited experience in South America so far, focuses on trade and, as a UN agency, operates through national governments. There is every reason to believe that a useful collaboration can be devised with the present process. Although it has a clear direction in general terms, the BI does not have fixed ideas about how to proceed in the region and is very ready to benefit from any effective arrangements established in the present NGO developments. The BI is not a funding agency as such, although it expects to act as a facilitator in setting up links between donors and partners.

21. The BI may provide important complementary support at the governmental and intergovernmental levels to the present NGO-led initiative, particularly in assisting public servants with realizing various conventions to which the countries have subscribed. Many reforms to domestic laws and regulations are needed, as well as changes to the mandates and practices of implementing agencies. Many respondents in the present round of discussions reaffirmed perceived weaknesses in those governmental agencies responsible for conservation, as well as a lack of information about practices in neighbouring countries.

22. Rightly, the BI stresses the concept of partnership between all concerned parties in promoting biotrade. This idea invites scrutiny of the appropriate roles of the partners during a transitional period.

2.3 Civil society/private sector developmental activities

Private sector growth

23. The development of NPs for the market involves different actors, each of them playing an essential role – growers, supportive NGOs, government agencies, traders, agents and exporters, manufacturing companies, wholesalers and retailers. There is an important distinction between participants in the market chain and external development agencies engaged in bringing about changes in market behaviour and conditions for the benefit of selected groups. In practice, roles are frequently mixed up, which distorts rather than facilitates the process.

24. The importance of bringing the private sector fully into the NP industry is considered crucial, including rural communities, rudimentary producer co-operatives and both small- and large-scale entrepreneurs. Whatever the history, there are now insufficient managerial capacities and financial resources within government bodies effectively to support productive sectors. Private sector operators, risking their own capital, are less prone to the over-optimistic business forecasts of NGOs.

25. Reliance on private sector growth, without subsidies, is likely to result in very slow progress for communities at the margins of the economy. There appears to be only limited entrepreneurial drive and capacity in Zambia, for example, despite some evidence of individual marketing initiatives.

⁴ Selected extracts from the UNCTAD pamphlet *The BIOTRADE Initiative* are set out in Annex 1, to indicate programme scope.

Role of NGOs

26. NGOs are leading the NP development movement in the region, mostly from a CBNRM standpoint. Some of the prominent NGOs are “branches” of international organisations; they and the smaller local operations have benefited recently from the donors’ search for engagement mechanisms other than public sector agencies. So far, however, NGOs have found it far harder to mobilise donor funds for serious technical NP research and development (R&D) and marketing than for capacity building, conservation and other CBNRM activities.

27. Despite sincere efforts to assist communities with NP enterprises, the general level of NGO knowledge of technical and market R&D issues remains low. The plain fact is that, even with years of donor-funded investment, there are few examples of success. Many NGOs responding to the present initiative recognised the hard truth that amateur advice and assistance, however well intentioned, is not going to help the target communities to enter and remain in the market.

28. The role of NGOs in the local institution-building process should be understood as transitional, acting as agents of change for the benefit of other groups in the medium term. This role should not extend to direct trade activities, typically as “middlemen”, unless such action can be very well justified by circumstances for a short, finite period. A genuine market approach involves dealing with and through the market, even if real-world middlemen are considered exploitative in the short term.

Civil society collaboration

29. Unfortunately, the wealth of extant information about tradable NPs is not shared for the mutual benefit of the interested parties. Scientists that are aware of certain properties of an NP may be unwilling to release the information because they lack the capacity to bring a product to the market. Product developers and researchers may know of potential products but lack information on market demand. Market surveyors and analysts may be unable to define a new product properly, and so channel demand to an existing product.

30. Where there has been product R&D taking place in the region, much of it has been uncoordinated, leading to duplication and a loss of synergy. So, for example, players in no less than four countries in Southern Africa have been undertaking research on products from the marula tree (*sclerocarya birrea*), yet none have ever managed to link up or build on each other’s findings.

31. In a rapidly changing scene, there have been some moves to co-ordinate national CBNRM activities through networking. An example is the April 2000 creation of COMPASS in Malawi, an NGO network sponsored by USAID. Other related specialist networks operating in at least two of the target countries include Traidcraft Exchange (small and medium enterprise development), Forestry Research Institute of Malawi (mushrooms), Miombo Forum (sustainable use of miombo woodland), International Centre for Research in Agroforestry (agroforestry issues) and Southern Africa Development Community/Forestry Sector Technical Co-ordination Unit (sustainable forestry).

32. The Zimbabwe Natural Products Working Group was first convened by SAFIRE in May 2000 in pursuit of the same aims on a national basis as the present regional initiative. This cross-sectoral group represents the key players working on community-based natural product development in Zimbabwe.⁵ From the start, the intention was to establish an action-oriented organisation focused on the commercialisation of NPs, and qualitatively different from the broad discussion-based networks. Potential benefits from the formation of such a partnership were seen as being:

- improved information flow with regard to products, production technologies and markets;
- shared market research;
- shared product development;

⁵ Initial membership: CARE Zimbabwe, COMMUTECH, Enterprise Works, Forestry Commission, GTZ, ITDG, Oxfam, SAFIRE (convenor), SEDAP, University of Zimbabwe, and World Wildlife Fund.

- joint negotiations and linkages with local, regional and international markets;
- maximised use of the complementary skills available amongst the group's members; and
- the development of linkages with similar groups elsewhere in the region.

33. In Namibia, a joint government-NGO specialist group is operating, the Promotion of Indigenous Fruits Task Team.⁶ In a separate development, the Southern Africa Marula Oil Producers' Network is under formation.⁷ It provides an example of a highly specialised regional grouping concentrating on a single resource.

2.4 Regional scope

34. For a number of reasons, any serious investments into the development of natural resource-based production systems will need to adopt a regional approach. Because of the nature of the Southern African eco-zones, very few NPs would be found only in one country. Production and marketing synergies would be more likely with the economies of scale achieved through a regional scope and perspective. Similarly, with practical collaboration, the advantages gained in one country would be transferable to another and producers would not be competing with each other across borders.

35. The arbitrary limitation of the present initiative to NGOs in five countries makes sense in the first instance. The selection flows from personal and institutional ties, with a presumption that simplicity is a virtue during the formation period. Five countries strikes a balance between a sufficient number to make up the critical mass for a democratic regional organisation and few enough to avoid complications and build on existing connections. There is a strong presumption that institutions from other neighbouring countries, such as Mozambique, will be invited to join in once arrangements have been negotiated by the "founder-members" and the resulting entity is up and running.

36. The notable country omission at this stage is the RSA. The main reason is the relative commercial strength of the South African private sector, with the attendant fear that it would dominate any regional set-up. Further concerns expressed about the "opportunistic" behaviour of RSA research institutions make it wise for the sub-regional role players to organise themselves first, and then work out the best way to expand as and when the time is right.

⁶ Members are Ministries of Agriculture, Water & Rural Development; Trade & Industry; Environment & Tourism; and Higher Education, Technology & Employment Creation, with University of Namibia, Polytechnic of Namibia, Namibia National Farmer's Union, Desert Research Foundation of Namibia and CRIAA SA-DC.

⁷ A draft note on the background to and formation of the Marula Network is reproduced for reference as Annex 3.

3. STATE OF THE ART: GLOBAL AND REGIONAL

3.1 Income generation in context of livelihoods and poverty reduction

37. In recent years, the approach to poverty reduction of governments and donors alike has broadened from agricultural technology to support for “livelihoods”. At the heart of CBNRM approaches is the notion that communities will choose to protect and invest in their local natural resources if they have proper incentives; and the greatest incentive is a sustainable income stream. There are several necessary conditions for this happy state of affairs to obtain, including the crucial issue of stable legal access to the resources and a radical shift in entrenched attitudes and behaviour patterns. To date, there are no complete success stories in which development partners have withdrawn completely leaving communities in charge of viable mini-enterprises. At the same time, there are no obvious alternative scenarios for remote rural areas.

38. In that context, NPs present an important potential source of income. The CBNRM arguments about rational economic behaviour leading communities to respect and manage the natural resource base for the medium term apply *e fortiori* to the harvesting of NPs. The central idea, once a market chain is identified, is to enable primary harvesters and producers to add as much value as possible to NPs, through simple technological improvements. The gloomy view that any exploitation is likely to mine a resource to oblivion has to be set against a long history of peoples surviving in the remote dry areas of the region through the development of appropriate resource management strategies.

39. There are a number of prerequisites for an improved approach to generating supplementary rural incomes from proper use of natural resources. Changes should:

- build on people’s existing knowledge and skills, as far as possible;
- provide a diversity of livelihood options to rural producers. Climatic and market conditions dictate that people should have multiple alternatives at any given time if they are to be economically secure;
- be market-driven and led by the private sector where possible, rather than technology-driven and led by the state sector; and
- seek to incorporate lessons learned and to build on achievements.

40. Across the region, a basic lack of information persists at the level of rural producers as to the opportunities that are presented by natural resource-based production. Part of the explanation has been the steady erosion of indigenous knowledge in the face of the “modern” economy: expensive bottled soft drinks and liquor are sold in the most remote trading outposts. Another factor has been the cumulative effects of the former state-led planned economies, which worked for decades against any local entrepreneurial initiatives. Unaware of the potential value of NPs, the processing technologies and the markets, it is hardly surprising that most rural producers have very little idea of the opportunities.

3.2 Resource base: natural products with development potential

41. Despite concerns about the destruction of natural resources through inappropriate land use, over-grazing, indiscriminate tree felling and, maybe, adverse climatic trends, the region has a rich and diverse natural resource base. There are overpopulated areas, notably around cities and associated with refugee movements, but there are still large tracts of open forest and veld with relatively few inhabitants.

42. Within this regional resource endowment, there are many products and substances with potential commercial value, even in areas of heavily degraded farmland. Until recently, the major emphasis has been on fauna and tourism, and opportunities with floral resources have been relatively under-exploited. While wildlife has been seen as a productive sector, with major foreign exchange earning potential from tourists, indigenous trees and plants have not been regarded as important except as scenery. The approach to agriculture, both before and after independence, tended to be commodity-based arable and extensive livestock along European lines rather than an intensification of the use of indigenous resources.

43. One positive outcome of this particular course of economic history is that the natural resources have been left as opportunities for present and future generations. The challenge is to respond to the opportunities presented by commercially valuable NPs in a non-destructive manner.

3.3 Market profile: existing and potential demand

Global market trends

44. There is a growing global demand for natural products. Oils, fats, phytomedicines, pharmaceutical products, foods and cosmetics are just a few of the product ranges that have been exploited increasingly. A number of well-placed market players have already built economic empires based on such materials. Shaman Pharmaceuticals, in the USA, producing pharmaceutical and phytomedicinal products, and the Body Shop in the UK, producing plant-derived cosmetics, are two notable examples.

45. To illustrate the extent of global interest in this market, (or in “biotrade”, as it is coming to be known), the following facts may be considered:

- 10% of commercial pesticides are of natural origin – they have greater diversity, lower eco-toxicity and are quicker to register commercially than synthetic pesticides;
- ten of the top twenty medicinal products today come from natural product research, with annual total sales of USD 15 billion. By 2002, the total market for plant-derived drugs will exceed USD 30 billion;
- in the USA, 25% of commercial drugs, including over 3,000 different antibiotics, are derived from natural products;
- 80% of the world’s population supplement use of conventional medicinal drugs with herbal remedies;
- global sales of herbal remedies in 1997 were USD 16.5 billion (Europe 46%, North America 19%, Asia 19%, Japan 15%, rest of world 1%). By 2010, it is estimated that the global market in herbal remedies will exceed USD 40 billion annually;
- St John’s Wort is the leading herbal remedy sold worldwide, and now outsells Prozac as an anti-depressant in both the US and Germany, the two biggest markets. Producer prices have risen from USD 3-4 per unit to USD 8-9 per unit in the last two years.

Local versus remote NP demand

46. The current search for “new” NPs should not obscure the fact that the existing pattern of use and trade in the region is mainly informal and local. A significant proportion of NPs are consumed within the household as food or medicine, and many transactions are completed outside the cash economy. There is scope for improving the efficiency and profitability of most mature markets, such as handicrafts.

47. A common view expressed by NGOs is that new NP development investments should target local and national markets as being less risky and less complicated than export. The counterarguments are that in-country purchasing power is limited, local markets may be saturated, and there may not be any in-country demand for a particular NP.

48. On a case-by-case basis, the market analysis for each NP should weigh the additional risks of remote selling against the potential profit accruing to the producers. As for all traded commodities, transport costs increase with distance and so NPs considered for export should be as low in weight and high in value as possible. Dried commodities such herbs, spices and medicinal plants fit this profile very well. Markets are never still, however, and very profitable niches can exist for a short time before other suppliers come forward.

49. Production differentiation can make the crucial difference. There are premium export markets for organic foods (including honey from Zambia) and timber from certified forests, as well as for goods that have been traded with a fair return to the primary producer.

4. PROBLEM ANALYSIS : MACRO ASPECTS

4.1 Legal aspects

50. At the macro-level in the concerned countries, NPs are subject to the same legal and administrative difficulties as other traded commodities. The national legal frameworks underpinning business are undergoing reform in the wake of liberalisation, but progress is slow in key areas such as tradable land title, usufruct rights on state lands, licensing laws, patents, economic community associations, company registration, and the regulation of small businesses. The present legal environment is very frustrating for any entrepreneur wishing to promote a new business legally.

51. New legislation and subsidiary regulations are also needed to keep up national commitments to international conventions relating to biodiversity and protection of the natural environment.

52. Particular problems attach to the exposure of NPs to the market without adequate legal protection, particularly when R&D produces new variations in product formulation or processing technology. Understandably, there are major worries about intellectual property rights (IPR) and local resources: “we don't want others to steal our secrets”. Commercialisation has to be balanced with the protection of traditional knowledge and the interests of the holders or owners of that knowledge.

4.2 Business environment

53. Africa's macro-economic and political environments are notoriously unstable and have not been conducive to investment and private enterprise. The broad trends to liberalisation and the withdrawal of governments from trading and controlling markets, dating from the early 1990s, constitute massive changes in the business environment. For marginal producers, the impact of these changes has been largely negative so far, as there are lags between the winding down of public sector provision and the emergence of private operators in response to market incentives.

54. High interest rates are prohibitive for the development of productive sectors. In Zambia, borrowing reached almost 100% and is now 30-40%. GRZ is now trying to create a liberal and stable investment climate with, for instance, foreign investors being able to return profits to their home country.

55. Like Zambia, Malawi suffers from a general lack of economic culture and entrepreneurial skills. Malawi's centralised systems of top-down planning and enforcement are being changed rapidly to new structures in which communities are encouraged to participate and benefit from the management of their natural resources. The concepts of CBNRM and forest based community enterprise have been well accepted but, with a few exceptions, the results are yet to be witnessed, as most CBNRM programmes are in early phases of implementation.

56. In contrast, Zimbabwe has a relatively well-developed private sector, producing some high quality natural products for local and export markets. The country is one of the largest producers of handicrafts in the region, most of which are derived from natural resources, and its commercial producers have made strong inroads into international markets for essential oils. In the natural products sector, although the variety of existing natural products is relatively small, there is a lot going on.

4.3 Trade restrictions and promotion

57. There are continuous international negotiations aimed at removing restrictions on trade and allowing fair access to the bigger markets in the world. The five regional countries all participated in negotiating the Cotonou Agreement, a large part of which set out the terms of business between the EU and poor countries in Africa and elsewhere. UNCTAD exists primarily to seek to reduce the systematic disadvantage of weaker economies in trade, and thereby promote development.

58. The reality is, there are rules governing trade and they have to be handled by any prospective exporter. International trade in consumables in particular is, quite reasonably, surrounded by standards and regulations that have to be met. The technical and administrative knowledge required to manage export constitutes a professional specialisation in its own right and is evidently beyond small-scale rural producers and traders.

59. As with domestic trade, the countries of the region are not well organised to expand NP exports, either individually or on a regional basis, through public sector channels. Especially with new products, active selling is required through a process of technical and financial negotiations with targeted prospective buyers in their home countries. While governments can and should promote general commercial interest in national and regional produce, only private firms or their qualified representatives can conduct trade in specific NPs.

4.4 Population pressure on marginal land

60. The imperative to develop NPs as supplementary sources of income for rural communities is driven by the failure of conventional agricultural production systems in marginal lands in Southern Africa to provide food and livelihood security for all, hence the need for an alternative approach to rural production in such areas. It is important to note, however, that the urgency and severity of the problem stems mostly from very rapid increases on the demand side: the doubling and tripling of rural populations living on fragile resources with limited economic carrying capacity. In extremely poor agro-economic zones, the limit may be less than one person per square kilometre.

61. Development programmes intended to reduce poverty by increasing sustainable incomes cannot escape the fact that the population in a particular area may already be at or beyond the limit that the land can support economically, given present levels of investment. There is not always a solution to hand.

62. In the present context, these observations serve as a reminder that:

- there is not necessarily an adequate income from natural resources, with or without NPs, available wherever a household happens to be; and
- the physical distribution of potential NPs may not correspond with the location of needy communities.

4.5 Environmental and ecological aspects

63. Post-liberalisation, government activities regarding the environment should comprise:

- the articulation of national policy, translated into appropriate laws;
- the enforcement of regulations; and
- undertaking actions that the private sector cannot or will not choose to do.

As suggested above, it is believed that the interests of private NP producers will coincide with those of the state in preserving and managing natural resources properly. Such a happy equilibrium may be elusive if the perception that the state of the environment is deteriorating in many places under population pressure is valid.

64. If pressing economic necessity prevents producers from taking an “appropriate” medium term view, governments may be obliged to intervene in defence of the environment to reinforce the self-regulation of communities. As policing the gathering of NPs would not be practical, the practical compromise would be guidelines with the status of bylaws on best practice in handling locally significant products. Posters exist for the management of Devil’s Claw, for example, with specific instructions on when and how to go about collection.

5. PROBLEM ANALYSIS: CONSTRAINTS FACING PRODUCERS

5.1 Access to natural resources

65. Without entrenched ownership and usufruct rights over natural resources at community level, the incentive for communities to invest in natural product-derived business is inhibited. Participatory surveys and mapping is required, as there are many conflicts over land rights with little data available. There is plenty of potential for NPs, even in plantation areas. In Malawi, however, most state reserves have no access, and in only one out of 85 reserves is beekeeping permitted.

5.2 Processing technology

66. For many NPs, the significant value added lies in post harvest processing. Clearly, it would be financially desirable for communities to do as much of the processing as possible. In practice, however, the record has not been good except for some foodstuffs prepared for local consumption. Rural producers themselves may have some of the knowledge required to develop a product, but lack the capacity to bring it to final production readiness. If a particular resource is harvested only on an occasional and opportunistic basis, it may well make financial sense not to invest in machinery, and to let operators further up the marketing chain carry the risks.

67. In the region, Zimbabwe has a range of comparatively capable R&D facilities related to natural products, particularly within the main University of Zimbabwe. Unfortunately, these facilities have not always been used for the benefit of the nation. One recent example of this has been the appropriation of research findings from the University's Department of Pharmacy by an international bio-prospecting institution.

5.3 Scale

68. Another major barrier to NP development is the perception that the levels of production in any one country of a particular product, once developed, may not be sufficient to meet the market demand. Export markets require a continued and assured supply of a reliable and consistent quality. If it appears that this may not be attainable from a single source, the transaction costs and risks associated with procuring from multiple sources may appear prohibitive.

69. At the local level, the scale of production for commercial interest may be difficult for communities to reach alone and there is a potential advantage from co-operating with others working on similar product commercialisation. There is a related issue of seasonal variability in supply quality and quantity and, with co-operation, low production in one area one year could be addressed by supply from another area with better production – thus making the overall operation more viable to the commercial sector.

5.4 Market access and marketing

70. There is a rapidly expanding global market for natural resource-derived products (biotrade); *but* there are few examples of rural communities in Southern Africa that have managed successfully to access this global market, and thus to develop a sustainable livelihood base from the production of NPs.⁸ Without the products, and without the linkages to the market that make such product development possible, no rural communities in the region have any chance of becoming effective producers and competitors on the world's biotrade markets. Market access from Africa is poorer than from other continents, with less transport infrastructure, inadequate telecommunications and relatively high transaction costs associated with product marketing and distribution.

⁸ One prominent example is the North-Western Bee Products in Zambia. This is group of more than 5,000 forest-dwelling beekeepers exporting honey to Europe and currently expanding production considerably.

71. Against this background, service providers need to find solutions to the problem of economically viable market access for remote rural communities. Reliance on subsidies, such as the use of government trucks to transport communities' products to market, is evidently unsustainable.

72. Both domestic and export marketing is complex and expensive. Many of the NPs are exotic and unknown in the developed countries and so demand has to be cultivated, with a particular focus on cause-based marketing strategies.

5.5 Competition with established commercial interests

73. Eventually, sustainable NP production will bring communities into direct competition with established commercial interests, once development subsidies from NGOs end. The classic economic arguments would suggest that such competition is not in itself a "bad thing" so long as the activity is profitable for the operators. Sustainability depends on realised prices more than covering production costs. The major cost component for most NP gathering/collecting operations is labour, the economic value of which is determined by opportunity costs. These values are typically low for the target communities, providing the basis for comparative advantage over commercial farmers. Some NPs have to be processed very quickly after harvesting and so cannot be transported raw to remote factories.

74. Competition is more problematic further up the processing chain, where economies of scale are significant and labour is a less significant factor of production. The same machinery may be used, for example, for extracting juice from different fruits on a seasonal basis. The larger, more capitalised enterprises may appear to earn an excessive margin on transforming raw materials but they have mobilised investments and are carrying far greater financial risks than the primary producers.

5.6 Management and business capacity

75. Underlying the sensible proposition that communities could benefit financially from biotrade is the assumption that the producers are able to acquire adequate management and business capacity to survive beyond an assisted start-up phase. Many CBNRM development initiatives have tried to bring about locally appropriate and functional arrangements through discussion, training and advice, but success has been modest to date. The central problem, as tackled in the design of the Forest Resource Management Project in Zambia, is the relationship between whole communities, as owners and putative managers of their local natural resources, and individual members and sub-groups engaged in productive activities. As has been learned at great cost at the national level, governments are bad at business and not everybody is an entrepreneur.

76. If, as is often the case, collectors and processors are not sufficiently organised to sustain viable production or wield market bargaining power, the establishment of some form of producer co-operative should be encouraged. There are regional examples of authentic local management structures emerging from the conduct of real NP business. The women's groups trading marula in Botswana, for instance, have pushed ahead with their own management arrangements despite rather than because of the cautious advice offered by their supporting NGO. Although there are plenty of alternative business models available, the critical factor is not the theoretical correctness of a particular enterprise but whether or not operators are in control of their business.

5.7 Financial backing

77. CBNRM has been viewed as a conservationist approach rather than a way to move towards improved rural production systems. NP development has not, therefore, attracted levels of investment even remotely comparable to those that have gone into conventional agricultural production. Product R&D is expensive, and it will not happen without a steady and assured supply of funding.

78. The private sector has been reluctant to invest in NP development in Africa, given the continent's many comparative disadvantages. Higher levels of plant bio-diversity in Latin America and parts of

Southeast Asia naturally favour those regions. Given the high costs and risks of associated with NP development, it is hardly surprising that few have been willing to take it on in Africa.

79. On the public sector side, there are many players in Southern Africa who might contribute to product development, although the number of facilities equipped to undertake more detailed chemical, pharmaceutical and toxicological analysis is limited. These include state-sponsored botanical, biological, industrial, chemical, horticultural and food technology research institutions, universities and NGOs, many of them sponsored by bilateral and multi-lateral funding agencies. Unfortunately, fears of stolen research findings and insufficient guarantees for the protection of Intellectual Property Rights combine to promote inertia.

80. The lack of funding for such research is a major hindrance. At the same time, it is hard to justify support for product R&D from a donor perspective. It can take many years to bring a product to the market, and the returns are unsure. Agencies whose achievements are judged in terms of tangible outputs are understandably reticent when it comes to financing research of any nature; much more so when that research is linked to identifying and developing products that may not reach the market.

6. APPROPRIATE REMEDIES : BY MULTILATERAL AND GOVERNMENTAL AGENCIES

6.1 Generation of conducive legal and financial framework

Convention on Biological Diversity⁹

81. National law reforms and subsidiary regulations are needed in the region to make operational the Convention on Biological Diversity (CBD), which has been signed by the governments. The CBD has brought biological resources from the common heritage of humankind to the domain of “national property”. The CBD stipulates that nations should share the benefits of biodiversity use with local and indigenous communities. The forum provided by the CBD can be used to garner international support for the preparation of national legislation through appropriate protocols.

82. The CBD not only includes specific provisions highlighting the role of local communities in conservation and the sustainable use of the resources, it also urges member-states to develop national laws which “promote wider application (of knowledge, innovations and practices of local communities) with the approval and involvement of the holders of such knowledge ... and encourage the equitable sharing of benefits”.

83. Countries must co-operate in the CBD and other fora if they hope to make an impact and obtain optimal benefit from their bio-resources. As many countries share common resources, national biodiversity laws dealing with bio-prospecting or protection of traditional community knowledge will be strengthened if they are reflected in international agreements.

84. Some important related legislative reforms have already been introduced across the region, such as the significant Environmental Management Act of 1996 in Malawi. Implementation has been very slow in some cases, as with the prolonged delays surrounding the institutional reforms following the Forest Act in Zambia.

Access to resources

85. Legal and properly regulated access to natural resources is the foundation of community involvement in NP trade. Land ownership and use is always a politically sensitive and divisive issue. Appropriate legislation is required to protect the access of communities to their natural resources, to enable them to derive a livelihood on a sustainable basis. Research into structural gaps in the relevant national laws is needed in the light of market liberalisation and ongoing economic reforms. Contradictory laws that enable commercial contractors to control massive concessions at the expense of local people should be reviewed, and appropriate protective legislation promulgated and administrative instruments deployed. External specialist advice and technical assistance is available for these purposes.

86. With such major changes in local economic activities, the relations within and between communities should be carefully observed. Shifts in existing power balances could infringe weaker groups such as women and minorities. Furthermore, the rights of communities, both immigrants and indigenous groups, should be clear vis-à-vis governments and big companies. Especially when the commercialisation of an NP proves successful, it is vital that the tenure rights of the communities be secured.

Conducive market conditions

87. Aside from legislative reforms, there are many actions that the state can take to create an enabling environment for private enterprise. At present, the regional agenda is still dominated by governments divesting productive and trading activities and removing the market controls that characterised the era of strong central economic planning. Once this tidying up has been completed, the public sector can turn from negative to positive aspects of bringing about conducive market conditions for growth in domestic and foreign trade.

⁹ Based on Agarwal et al., 1996, as quoted in ProFound’s *Marketing Guidelines for NTFPs*.

88. Effective financial management remains the single most important government responsibility in support of business, especially with regard to the domestic cost of borrowing and maintenance of realistic foreign exchange rates. Current performance in these areas differs markedly between the five countries. Fortunately for most NP exporters in the concerned countries, lingering foreign exchange controls are not a major problem as they are not major importers of inputs.

6.2 Economic infrastructure

89. Governments cannot change the concerned countries' landlocked positions (except Namibia) or the distances from European and North American markets. They can and should create and maintain internal transport, communications and other economic infrastructure to enable trade to take place. NGOs cited the poor state of feeder roads most frequently as the major constraint on actual and potential NP production by remote rural communities.

90. In the new dispensation, there is increasing clarity about the role of government as a service provider, deploying tax and donor funds as an agent of the population. Historically, the common perception of governments was as the source of all bounty, answerable to nobody but themselves. Recent changes have begun to restore the lost distinction between disposable politicians and permanent technicians in the public sector. The tangible effect of these developments on the emerging private sector should be far greater responsiveness to their needs for operational economic infrastructure.

6.3 Mainstreaming of natural products in domestic and export trade

91. Affirmative action is required to correct the historical marginalisation of domestic and export biotrade. As new products and markets are found and exploited, so awareness levels amongst producer communities, consumer groups, trade promotion bodies, governments, extension services and the private sector of the breadth and range of opportunities provided by non-timber forest and veld products should increase. This increased awareness, in turn, should generate more favourable conditions for expanded NP trade and business development.

92. There is no future in maintaining NP trade as some kind of special case, inhabiting an artificial and subsidised corner of the market. After a recognised development phase, NPs have to survive in the mainstream if they are to provide sustainable additional incomes to rural communities.

6.4 Dissemination of relevant market information to marginal producers

93. In addition to the barriers to trade caused by physical isolation, rural communities are effectively cut off from the accurate and timely market information essential to informed management decisions. Unlike operators in the markets for the major agricultural and livestock enterprises, the producers of particular NPs may be unable to compare notes with neighbours in the same business. They may have perfectly fair arrangements with a single trader or NGO, but have no choice but to accept their word on local, national and global market conditions.

94. For domestic trade, the remedy lies with governments. As part of the overall shift from posted to free market pricing, there is an important public service role for the state in establishing a robust and neutral market information system for rural producers, covering significant NPs as well as the main agricultural commodities. Information compiled on regional and national market prices and traded volumes could be disseminated cheaply through newspapers and radio, and be available directly in response to individual enquiries. A more ambitious service might include some analysis of trends and, for internationally traded commodities, important developments on world markets. While proposed here to assist directly marginal rural producers, an efficient market information service would benefit all operators, large and small, as well as possible new entrants.

95. For external trade, broadcasting the relevant market information to primary producers of NPs would be far less useful. The type and accuracy of information needed to inform cross-border commercial

decisions requires specialist treatment, is often commercially confidential, and is more suited to “narrow-casting” to traders and exporters. Such tasks are better left to dedicated trade associations than to government departments or agencies.

6.5 Endorsement of research and development investments

96. An important aspect of mainstreaming biotrade is funding serious R&D in resources with potential. In the modern era, the majority of such R&D would be sponsored by private sector companies in search of new product lines, carried out either by themselves or contracted to qualified specialist institutions in the region or elsewhere. The minority would be sponsored by national governments or development funding agencies.

97. Presently, both multilateral technical trade organisations and national governments have a role in endorsing the importance and utility of technical and marketing R&D investments in NPs, to increase the total quantity of funds committed to the purpose in the region. Despite the positive and optimistic tone of this paper, many funding decision makers still have to be informed and convinced of the purpose of investment in NP R&D and biotrade.

7. APPROPRIATE REMEDIES: BY NGOS AND REGIONAL GROUPING

7.1 Rationale

Strategic investments to realise potential incomes from NPs

98. Rural communities in marginal lands in Southern Africa might be able to improve significantly their livelihood security through the development of an alternative and diversified production system, based on an integrated approach to natural resource management and production. However, in order for this to happen, major investments need to be made in:

- the development of NPs;
- the exploration of existing and potential market linkages and opportunities for the sale of NPs; and
- identification of potential synergies and economies of scale for the production of NPs.

There are important potential gains from co-ordinated production, negotiation, promotion and marketing, especially for export products, which would reduce transaction costs, promote regional trade and co-operation, and facilitate improved NP market access for individual producers.

99. There is, however, a need for more creative thinking and assistance in areas of product identification, product development, market identification (through market and trade information) and marketing techniques (quality management, packaging, labelling, certification, trade fair participation), development of entrepreneurial skills and infrastructure (formation of associations, vocational training and financial assistance, logistical management and transport facilities, processing/value-addition).

100. All such development efforts require proper market and market chain assessment, feasibility studies and cost-benefit analyses.

101. The asserted need for “major” investments in NPs stems from the observation that the development of new products to the point of sale is expensive. For established products, the barriers for producer communities are likely to be in trade finance, infrastructure and management. However, for new products, somebody has to take a risk with funding initial costs. In the real world of a market economy, that “somebody” is a private-sector entrepreneur. At the margin, there is the possibility of subsidizing product and market development of selected NPs to the stage at which the perceived commercial risk is low enough for the market to take over.

102. For each individual NP selected for investment, the sequencing of development activities would be critically important. Strategic research has to be linked to market trends and the location of demand, products need to be linked to consumer preferences, and supply management mechanisms have to be considered carefully to ensure maximised returns to the primary producers. There is no point in developing a market in Europe for a particular product without involving the concerned communities at the start of the market chain. A contractor could move in to exploit the situation, leaving the community as an observer in the process.

103. The following sections set out the possible scope of appropriate remedies carried out by a regional NGO-led grouping or “trade association”, in support of the individual programmes of members, focusing on the three key areas of networking, product research and development, and marketing.

104. A provisional title for the proposed entity is the **(Southern African Regional) Natural Products Trade Association**, conveniently shortened to **NaProTA**.

Key design principles

105. The rationale for NaProTA activity selection is informed by three key precepts:

- The ranking of sustainable income generation first and conservation second, as sustainability implies a non-negative impact on the environment.
- Maximisation of value-added by and real cash returns to small-scale primary gatherers and producers and to private enterprises within the region.
- Concentration on the hardest part of the process: national and international marketing.

106. Activities *excluded* from the remit of NaProTA in this scheme include:

- duplication of any activities already covered adequately by existing arrangements;
- institution-building of constituent NGOs;
- direct interaction with CBOs; and
- any direct trading in NPs, even though some participating NGOs are acting as traders on behalf of their client CBOs.

7.2 Individual NGO activities

107. It is assumed that individual NGOs will continue to work for the economic and environmental optimisation of NPs for poor and vulnerable communities living in proximity to natural forests. The underlying concerns are to ensure that local communities:

- remain an integral part of developing, protecting, managing and harvesting their natural resource base; and
- benefit on a sustainable basis from the improved economic options.

The development mechanism common to the concerned NGOs is the empowerment of communities to protect their assets, to harvest NPs in a sustainable and equitable manner, and to ensure the sustainable use of those resources.

108. The likelihood is that individual NGOs will modify and refine their NP programmes, approaches and operating methods in the light of experience shared through NaProTA. Closer collaboration and the rationalisation of resource use is not expected to lead to uniformity, however, as there is strength in diversity. There is no need for NGOs to build up capacity in every aspect of the NP development and marketing process if they have access to shared resources. As expressed by one respondent, “we can't do everything or be everything to everybody”.

7.3 NaProTA networking activities

Proactive network

109. Several institutions in Southern Africa and beyond are contributing to the NP development effort, through building an information base, developing a natural product, researching the technical profile of forest or veld products, determining chemical composition, documenting the characteristics, (such as taste, shelf life, positive and negative effects, toxicity) or related activities. There is no institution that has a holistic overview. The result is a fragmented information base, duplication, confusion and erroneous assumptions, contributing to the loss of opportunities to capitalise on available information. There is a pressing need to correct this situation through the creation of a strategic network with a clear and well-defined focus and specified objectives.

110. To this end, NaProTA would support a proactive network of like-minded NGOs in the region working on natural product development and marketing. The central aim would be the development of mechanisms that work, in particular in the interface between NGOs and communities, government, private sector and research institutions. Network activities would be focused on three business and feedback meetings a year, (one in the host country and two rotating between the other participating countries). Networking would concentrate on the advancement of an agreed rolling programme of topics related to NP development in the region, as compared with the academic model of an open discussion

forum or conference. The members would have neither the time for nor interest in general exchanges that do not provide constructive suggestions and ideas for resolving problems.

Global technical links

111. In addition to support for the intra-regional NP network, NaProTA would promote links with extra-regional international organizations addressing related national and global policy and regulatory issues, such as intellectual property rights, patents, environmental conventions and trade. Such interaction is vital to permit the regional network members to benefit from the experience and know-how built up in other parts of the world. As with traditional agricultural development programmes in Southern Africa, someone somewhere has probably already faced most of the technical and managerial problems constraining community-based NP development in the region. It would be irresponsible to waste scarce financial resources to reinvent existing technology.

7.4 NaProTA product research and development activities

Natural product development database

112. Methodical NP development needs detailed information on: the natural resource systems from which NPs originate, geographical distribution, harvesting and processing methods, biological and chemical properties, potential uses and values, as well as the market situation. Currently, the NP regional database is very weak. Existing information sources are dispersed and a standardised system for compiling NP data is lacking.

113. To promote rationalization and an appropriate NP research agenda, NaProTA would compile and maintain a comprehensive database on:

- institutions and people involved in NP research, particularly in the region;
- relevant past and current research; and
- the location of existing sources and catalogues of NP-related information.

The NP database would capture the pertinent scientific, technical and commercial research activities and findings in the region and elsewhere, including:

- the existing botanical macro information base, (availability, species, products, location, known uses, composition, and so on);
- demand and market research: NPs that have market potential, (where, why, for what?);
- processing and value-adding specifics;
- product safety research, (trials, shelf life, and so on); and
- research into non-chemical substitutes and additives.

Strategic rationalisation of research

114. NaProTA would seek to bring about by consensus the rationalization of the ongoing and future NP R&D efforts of members. A strategic approach to research would be devised to steer and structure the individual and combined research effort to contribute directly to product and market development. Research would not be centralised, as this would create monopolistic tendencies.

115. Such a strategic framework for research will be a necessary condition for success, as fragmented research is of limited use to product development. The larger research requirements at the macro level will need to support micro-level research objectives. A demand driven research focus will be applied, to maximise benefits for local communities, avoid duplication and build on existing information and research. The need to integrate information is critically important.

Sponsorship of NP R&D

116. Corporately, NaProTA would sponsor directly a limited number of serious NP R&D efforts in products or processes significant in more than one country and meeting other stringent criteria. Each

enquiry would be contracted out to the best-qualified affordable research institution for the chosen product. NGO members would be eligible to bid for the contracts in competition with other competent agencies. Other factors being equal, preference would go to researchers located within the region to expedite direct contact with concerned producer communities.

117. This sponsorship of NP R&D, which activity is likely to be the largest item in the NaProTA budget, is intended to:

- apply additional resources to the NP development effort;
- permit heavyweight research on a scale usually beyond the means of individual NGOs;
- show the way for emerging private sector operators and sectoral donors; and
- provide weight to the image of NaProTA as an action-oriented operation.

Commercial development

118. NaProTA would be committed to applying the positive results of existing and sponsored research findings through NP commercial development. Important lessons from precedents in the medical industry would be applied to the strategic dissemination of research findings. Universities that develop important theories, or discover certain critical elements, share this information simultaneously with interested parties, who then compete to apply the information to their research and product development processes. This creates competition, introduces options and avoids monopolies. These standards should be applied to ensure research findings are disseminated effectively.

119. Once a base product's potential has been proven and established, there is no reason to believe that the plant or source of the product cannot be domesticated and propagated. A deliberate strategy to domesticate products that have high potential demand and low supply capacity would be adopted and recommended to communities.

120. The private sector is the main player in NP commercial development. Market driven and private sector-led approaches are critical for the sustainability and commercial viability of any initiatives based on technical and marketing innovations. NaProTA will aim to build up links with the private sector and demonstrate to them the level of support and facilitation that could be provided. The private sector, if convinced that a support mechanism is actively involved, co-ordinating and assisting, will be encouraged to share risk, invest in research and share vital information.

Consultancy facility

121. NaProTA would manage a consultancy facility to provide members with short-term professional and technical advice on product development, drawing on the best available regional and international resources. Access on request to this practical and flexible support mechanism would be a tangible reward for NGOs' commitment to, and active participation in, the regional grouping, and is in line with the notion that "the only way to help people is in the way they want to be helped".

Focal point for funding

122. NaProTA would have the mandate and capacity to negotiate and manage donor funds mobilized for regional natural product development initiatives. The agency would act on behalf of the members as trustee for the receipt and deployment of funds for designated purposes. It is anticipated that core costs will be relatively low, and the major expenditure items will be on contracts with research institutions and short-term consultants.

123. In addition to funds passing through the agency, NaProTA would provide a focal point for the mobilization of donor funds for regional natural product R&D, based on "match-making" between donor programme initiatives and the plans and dreams of member organizations. In carrying out this service, NaProTA would have no direct contractual or financial interest in the transactions.

7.5 NaProTA marketing activities

Market reference point

124. Producers who specialise in harvesting or manufacturing goods using forest resources may have limited experience in marketing. They may not know how to obtain and make use of information that would help them make informed decisions about what to sell, and where and when to market their products in order to earn the maximum profits from their efforts.

125. NaProTA would act as a reference point for technical and market information on regional NPs. In a structured and incrementally sequenced manner, information on product availability and design, production and processing technologies, market demand, appropriate marketing strategies, market delivery, and trade and Intellectual Property Rights-related issues, would be made available on demand to rural producer communities, the private sector, regional governments and consumers. Costs would be recovered from commercial enquirers.

Advocacy

126. As an independent specialist organisation NaProTA would engage in advocacy, on behalf of its members and the broad constituency of NP producers and traders, on two key issues:

- the mainstreaming of natural products in domestic and export markets and in national economic development plans; and
- the development and implementation of appropriate access and benefit sharing legislation following adoption of the CBD and related protocols, to open up new market opportunities.

National governments would be the main targets for constructive engagement and dialogue, but the agency would also target business leaders and serious journalists.

Regional export promotion

127. Starting from a low base of NP export volumes, NaProTA would design and implement an action plan to promote exports from the region. Significant, carefully focused and co-ordinated marketing campaigns will be needed to ensure that demand for a particular product is created strategically and co-ordinated with supply and pipeline options. Product launch should be sequenced to secure market share and to coincide with health and phyto-sanitary approvals. These activities will build on the systematic approach adopted to integrated research and networking.

128. Joint NP export marketing offers the potential for considerable economies to regional producers and traders, as costs can be shared between countries, economic stakeholders and products. NaProTA would promote NP export market linkages based on regional “brand” characteristics. One possibility with regional collaboration would be the creation and registration of an “appellation of origin” to mutual advantage.

European marketing agency

129. Experience has shown that serious marketing and trade with European and North American interests cannot be carried out properly on the basis of correspondence, telephone calls and *ad hoc* multi-purpose flying visits. Business is built on the establishment and maintenance of personal contacts. For a new NP to penetrate an established market, it is probable that the conversion of an initial expression of customer interest to closing a deal would entail a series of meetings to settle technical and financial issues.

130. The most cost-effective way to achieve this “shuttle diplomacy” is to have an agent resident in the market, briefed fully and frequently by the potential exporters. One possibility would be to contract a specialist firm to fulfil the function. Another would be to employ a full-time representative who is

answerable to the traders in Africa, very knowledgeable about the products, and enthused about the end-purpose of generating benefits for poor rural communities.

131. The professional staff of NaProTA would include a technically qualified commercial agent who would be out-posted in Europe to interact with existing and new customers for regional natural products. In addition to following through with the marketing of the high priority NPs being developed in the region, the agent would scout for new commercial opportunities and feed market intelligence back to the regional market reference point.

8. THREATS TO INTENDED COMMUNITY BENEFITS

8.1 Commercial behaviour

132. An important part of the argument for promoting trade through the present initiative is the creation of sustainable incremental incomes for communities through trade in NPs. Sustainability demands that communities are able to operate on an open-market basis after a transitional period. By nature, however, markets are opportunistic and volatile, and so “sustainable” cannot be regarded as “permanent”; individual communities may find themselves caught by short-term fluctuations with over-production or falling prices, or by deteriorating terms of trade over time. They are always going to be in a relatively weak position in the market, exposed to both legal and illegal behaviour from traders, companies and others in the chain.

133. There are many legal but undesirable consequences of the exercise of economic power in “free” markets. In the past, for example, the benefits from market opportunities developed for veld products have often been captured by commercial operators (or even individual community members!) at the expense of the rural poor. If major financial rewards become apparent, large-scale contractors will attempt to obtain concessions and to reduce the local people to labourers rather than behave as joint owners and protectors of the natural resources. Private sector managers may choose to develop their own supply pipelines that exclude local communities completely.

134. Outside the law, it is possible that a group of individuals associated with the present initiative could capitalise on privileged information and exploit it for their own ends. Sub-contracted researchers and research institutions could be less than transparent and conceal vital information for themselves. The worst-case scenario deprives a community of local knowledge of the properties and uses of a particular NP without increasing incomes.

8.2 Hidden management overhead costs

135. Across the region, experiments in creating new permanent income flows within the framework of CBNRM have been prone to “pilot project syndrome” – a tendency to fall flat as soon as the NGO or other development agency withdraws management support and guidance. The technical advice is, in reality, an expensive and necessary input, the cost of which is omitted from community enterprise accounts.

136. The same threat attends the present initiative at the community level, the danger of NP harvesting and elementary processing flourishing only as long as the enterprises are subsidised through hidden management overhead costs. The remedy for the NGO partner is to provide only the critical minimum support consistent with progress, to agree and stick to an “exit route”, and to avoid mixing up real market conditions with free goods and welfare transfers.

8.3 Slow delivery

137. One consequence of relying on real market forces and spontaneous local institutional development, in the interests of economic sustainability at the community level is that incomes may not increase rapidly and local people could lose interest. Delays and lack of visible success could derail expectations and threaten the whole NP initiative. Similarly at the programme level, failure to demonstrate some success in a reasonable period could lose the interest and support of sponsors.

9. POSSIBLE INSTITUTIONAL ARRANGEMENTS

9.1 Functional definition of regional institution

138. Mission consultations with concerned NGOs focused attention on the need to create some form of regional “trade association” as the missing institutional link in community-based NP development. Four common themes to emerge from the country visits, as guidance for the functional definition any such entity, were:

- the need to be as economical as possible with programme proposals, limiting new capacity to the minimum size required to deliver results;
- the desirability of seeking synergy and avoiding the duplication of efforts;
- a strong aversion to anything resembling a “talking shop” or yet another passive and ineffective network; and
- the need to deploy real full-time resources, including responsible staff and offices, rather than some form of “virtual” agency dependent on the contributions and good will fully-occupied NGO managers.

139. With these points in mind, NaProTA should be established and tasked with most or all of the activities outlined in Chapter 7 above, to complement and support the evolving NP programmes of members. It is wise to avoid excessive ambition at the start, as activities can be added or subtracted in the light of experience. As a completely new institution, the founder members are free to set up NaProTA in whatever fashion they think appropriate to discharge its duties.

140. At the start, the functional profile of the regional trade association would **not** feature any of the following:

- Governmental, academic and private sector institutions and individuals as members. “Primarily NGOs” is the least complicated option at the start.
- South Africa, to avoid dominance by stronger institutions.
- An “apex” inter-country structure based on existing or new national fora.
- Duplication of existing national and regional capacity.
- Management or control from outside the region.

There is a strong presumption that the membership profile will evolve rapidly during the lifetime of the institution, starting with the admission of NGOs from other countries, then agencies other than NGOs. Eventually, beyond the development phase, permanent ownership of the trade association should pass to the NP producers and traders themselves.

9.2 Desirable characteristics of new entity

141. Once the institution is defined by its mandate to carry out certain activities, there are various alternative organisational arrangements that could function well. Ideally, the design should reflect a number of desirable characteristics:

- the creation of NaProTA should be fully justified whether or not it attracts additional external funding;
- as an institution devoted to the promotion of trade, NaProTA should be set up and run on very business-like lines, responding efficiently to management board directives;
- staff would need first class professional and commercial skills, as history has shown up the limitations of amateur efforts in the field, however well-intentioned;
- although primarily an NGO initiative, flexible arrangements should permit the inclusion of interested and active academics and government officers in programme activities; and
- the association should add to the capacity of participants rather than diverting internal resources.

9.3 Relative merits of alternative arrangements

142. With these desirable characteristics in mind, the designers of NaProTA may wish to consider the relative merits of the following alternative arrangements.

No.	Option	Points for and against
1	A “virtual” network based on informal arrangements and cost-sharing	Cheapest option. Democratic. Costs buried in accounts of participating NGOs. Lack of professional accountability.
2	One designated NGO functioning as executive unit for group	Potential confusion between host and trade association. No delays in start-up. Likelihood of culture of NaProTA regressing to that of designated NGO.
3	One NGO co-ordinating activities allocated to other members	NaProTA becomes a project of host. Vulnerable to breakdown of goodwill. Competing calls on time of designated manager/s
4	An independent executive unit hosted by one member NGO	NaProTA costs clearly visible and separate. Mutual benefit through shared overheads. Host NGO not elevated above peers.
5	A completely independent executive unit	Visibly independent. Most expensive.

143. Other arrangements that should be considered would be national co-ordination mechanisms or focal points.

10. NEXT STEPS: REGIONAL CONSENSUS

144. The immediate task in working towards a regional consensus on the way forward is a critical review of the present paper by NGO stakeholders, to establish a position on the need for and profile of a new institution for the region. Feedback would be especially welcome from those agencies not expecting to be represented at the November gathering.

145. A Regional Business Meeting is planned for 7-9 November 2000 in Harare. Far from taking part in a talking shop, the NGO representatives participating in that meeting will be encouraged to create the capacity to undertake activities in three identified areas: networking, product research and development, and marketing.

146. If, as hoped, the Regional Business Meeting generates the critical mass of support and commitment to mandate the creation of an effective institution able to operate as a (Southern African Regional) Natural Products Trade Association, donors will be approached for additional support. There are evident and substantial gains to be made from rationalising and prioritising current efforts, however, even if incremental resources are not forthcoming.

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ANNEX 1

THE BIOTRADE INITIATIVE

[Selected extracts from the undated UNCTAD pamphlet, *The BIOTRADE Initiative*.]

“Many developing countries are endowed with rich and diverse biological resources. These resources provide a wide range of products and services, such as nuts, fruits, perfumes, natural dyes, oils, medicinal plants, biochemical compounds, eco-tourism, watershed protection and carbon sequestration. Many of these products are used by local populations to make a living. Some of them have served as an important source of innovation for the pharmaceutical, biotechnology or cosmetic industries.”

“Sustainable use of biological resources generating tangible economic benefits for populations whose livelihood depends on biodiversity could support development and nature conservation. One of the ways to achieve this is taking advantage of the new investment and trade opportunities that are emerging for biodiversity-based products and services.”

“If developing countries are able to seize these opportunities, biodiversity could be turned into an engine for growth and sustainable development. Developing countries are therefore focusing on:

- developing legal and policy frameworks on the access to biological resources,
- acquiring technical and entrepreneurial capabilities,
- obtaining market information and market access, and
- developing biodiversity conservation schemes.”

“The BIOTRADE Initiative was launched in 1996 with the objective of stimulating trade and investment in biological resources to further sustainable development, in line with the objectives of the Convention on Biological Diversity. These are the conservation of biological diversity; sustainable use of its components; and fair and equitable sharing of the benefits arising from the utilisation of genetic resources.”

“The BIOTRADE Initiative seeks to enhance the capability of developing countries to produce value-added products and services from biodiversity for both domestic and international markets. It is an integrated programme consisting of three complementary components: country programmes; market and policy analyses; and Internet services (www.biotrade.org).”

“The BIOTRADE country programmes are at the heart of the BIOTRADE Initiative. They identify opportunities and constraints for sustainable resource development in each country, focusing on bio-business development, bio-partnerships, and incentives for conservation, sustainable use and benefit sharing. Country programmes are managed by national focal points with experience in the area of sustainable development, such as the Humboldt Institute in Colombia and the National Environmental Council in Peru.”

“BIOTRADE main components:”

“BIOTRADE country programmes

- Country assessments
- Training and capacity building
- Institutional development
- Identification of market opportunities
- Bio-partnerships and bio-business development
- Education and public awareness
- Pilot projects”

“Market and policy analyses

- Incentives for biodiversity conservation
- Intellectual property rights and traditional knowledge
- Access to genetic and biological resources
- Benefit sharing mechanism
- Finance and investment
- Bio-business development”

“Internet services

- BIOTRADE reports and databases
- Up-dates country activities
- Discussion forums and electronic workshops
- Sources of information
- Experts and organisations”

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ANNEX 2

NATURAL PRODUCTS FROM SOUTHERN AFRICA AND ZIMBABWE

Sample list of natural products from Southern Africa

An often-used colloquialism “health fads” masks the magnitude and scope of demand for natural products. The backlash in the developed countries against the excessive use of chemicals, genetic modification and other synthetic additives is on the increase. The range of products from natural forests that are potentially base products, additives or substitutes for existing cosmetics, medicines, gums and resins, food, oils, colouring, perfumes and so on, is significant. A few base products that have emerged from Southern Africa’s natural forests have been successfully commercialised, including wild fruits like the Marula for which demand has outstripped supply by a factor of four. Marula oil is in short supply and the demand for Marula-based liqueurs is on the increase. A few years ago, this fruit was virtually unknown in the developed world and used to fall to the ground and rot in Southern Africa.

The lack of information and awareness on these products and their possibilities has precluded the commercialisation opportunities. Most of these products are distributed and traded in a non- cash environment. The following list is not comprehensive, but is for indicative purposes only. (Examples given in brackets.)

- Beverages (marula wine, palm wine)
- Certified Timber (pterocarpus angolensis)
- Chemical compounds (flavenone)
- Condiments (cream of tartar, spices)
- Confectioneries (fruit leather rollups)
- Construction materials (thatching grass)
- Cosmetics (skin creams, moisturising oils)
- Decoration and Craft (baskets, mats, wood carvings)
- Essential oils (lemon grass, evening primrose)
- Foods (fruits, wild mushrooms, truffles, caterpillars)
- Fibres (wild sisal, baobab fibre)
- Florist trade (proteas)
- Gums and Resins (acacia gums)
- Health care (appetite suppressants)
- Herbal teas (Makoni tea, Rooibos tea)
- Insects (butterflies, jumping beans)
- Latex products (palm latex, papain)
- Medicinal (grapple)
- Nutritional supplements (baobab fruit extract)
- Polyunsaturated Oils (marula oil)
- Processed foods (jams, dried fruits)
- Stockfeeds (baobab husks)
- Traditional Aphrodisiacs (roots, barks, infusions)

Preliminary assessment of potential resources and products in Zimbabwe¹

In May 2000, a set of seven selection criteria for possible community-based NP production was established by SAFIRE and then tested against a number of known and documented species. The plants yielded between two and seven of the following products: fresh fruits; dried fruits; preserves and confectionary; beverages; oils and cosmetics; medicines; and dyes.

The criteria applied were:

1. Research information.
2. Existing products.
3. Potential products.
4. Abundance/distribution of the resource.
5. Existing/potential markets.
6. Skills availability.
7. Quick benefits.

Application of the criteria yielded the following clear order of priority for the selection:

1. *Adansonia digitata* (baobab tree – muuyu)
2. *Sclerocarya birrea* (marula – mupfura)
3. *Kigelia Africana* (sausage tree – mubve)
4. *Ziziphus Mauritania* (musawu)
5. *Parinari curatellifolia* (mobola plum – muhacha)
6. *Uapaca Kirkiana* (muzhanje)
7. *Berchemia discolor* (bird plum – munyii)

Other species in Zimbabwe with obvious commercial potential that may rank well against these criteria include: *Strychnos spinosa*, *Trichelia emetica*, *Aloe excelsa*, *Ximenia caffra*, *Ficus spp*, and *Vitex spp*. The author noted that fruit-bearing trees featured prominently in the list, reflecting strong domestic markets, along with medicinal products. Oils and/or cosmetics may prove to have greater export value.

¹ From *Natural Products for Rural Community Development – A preliminary assessment of some natural products found in Zimbabwe and their potential for commercialisation by rural communities*, SAFIRE, Harare, June 2000, on behalf of the Zimbabwe Natural Products Working Group.

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ANNEX 3

SOUTHERN AFRICA MARULA OIL PRODUCERS' NETWORK

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1 Introduction:

The following service-providing NGOs met in Gweta, Botswana, on 30 and 31 August 2000, to discuss the establishment of a focused co-operation network to facilitate the sustainable commercialisation of marula oil products in Southern Africa:

- CRIAA Southern Africa - Development and Consulting (CRIA SA-DC) of Namibia
- Mineworkers Development Agency (MDA) of South Africa
- Southern Alliance For Indigenous Resources (SAFIRE) of Zimbabwe
- Veld Products Research and Development (VPR&D) of Botswana

On 31 August these four NGOs were joined by the following organisations from Botswana:

- Gwezotshaa Natural Resources Trust (GNRT)
- Kgetsi ya Tsie (KyT)
- Botswana Community-Based Organisation Network (BOCOBONET)

At this meeting progress with, opportunities for, and constraints to, successful marula oil commercialisation was discussed. Factors wherein regional co-operation could mutually benefit the efforts of each organisation (and their respective national efforts) were highlighted and discussed in further detail. Areas of common understanding on formation of a network to support these efforts were reached and are described below. General conditions of membership were discussed and agreed. Further, a long-term goal, purpose, specific objectives and immediate activities of the network were also drafted, and are incorporated below.

2 Areas of Common Understanding:

The areas of common understanding which were agreed are:

- The network will focus on marula oil from the kernel of the marula tree¹. Attention will also be paid to other potential products from the kernel, and products made using marula oil (such as soap). If and when successful, the approach could be extended to other products from marula (including bark and leaves, and fresh marula fruit).
- Efforts to commercialise marula products, particularly marula oil, should have as target beneficiaries the “primary producers” of the marula raw material. These producers are

¹ *Sclerocarya birrea* subsp. *caffra*, and “morula” in Botswana, and sometimes “moroela” or “maroela” in South Africa.

typically members of rural households² who have traditionally utilised the resource, and where the resource is typically subject to customary and/or communal resource tenure arrangements.

- At this early stage of marula oil commercialisation, it is better for producers in the region to co-operate than to compete unnecessarily. The network would endeavour to create conducive conditions for enterprise development for each member and their respective National efforts. Individual enterprises associated with each individual network member will market and sell their own products to their own customers. The network does not intend to act as a cartel, but would seek to avoid primary producers and their associated operations/enterprises being subject to “divide and rule” by buyers, and would seek to assist co-ordination between “supply” and “demand” as regional production the market develops.
- Sustainable commercialisation requires that economically viable enterprises need to be developed. The role of the service-providing institutions will be to assist the primary producers to organise production and establish commercially viable operations. In the early stages, this may require that the enterprise(s) and management role(s) be taken up by the service providing institutions. However, this would be with the view to passing on the enterprise and value-adding opportunities to the primary producers (or their nominated partners) as and when commercial and economic parameters, and management capacity, allows.
- Establishing marula oil and co-products in long-term high value product sectors of significant size in local, regional and international markets is going to require carefully considered and co-ordinated co-operation with large companies who have the technology, financial resources, ability to launch new, safe and effective products and who have appropriate channels to large numbers of consumers. It is desirable for network members to provide a conducive environment to such companies to enable them to have the confidence that appropriate volumes at appropriate prices and quality will be available for their purposes.
- There are significant cost benefits to co-operation, especially relating to relatively expensive processing technology development, technical research into the useful and valuable properties of marula oil (and co-products), and to high-value market research and development activities.
- Any possible use of Intellectual Property Rights³ (IPRs) should, if deemed desirable and possible in the first instance, be directed at delivering benefits to the primary producers, the custodians of the resource, any enterprises that arise out of their activities, and their local nominated partners. Further, collaboration on this issue by the service providing institutions would seek to deliver benefits in a wider sense to value-adding opportunities for the economies of the producing countries.
- When handling market research and development information, and IPR issues, effective confidentiality arrangements need to be established. This will require significant effort and commitment from members. Suitable transparency arrangements would also need to be established that allow for confident exchange of information between members, between commercial parties and the network, and between specialised research institutions and the network.
- As and when conditions allow members may decide to develop the network into a formal trade association.
- In the interim CRIAA SA-DC will act as Secretariat to the network.

² In some areas, such as in Bushbuckridge in South Africa, these rural areas may have a peri-urban character.

³ Including patents, trade marks, trade secrets, copy right and geographical origin.

3 Membership of the Network:

Membership of the network is open to NGOs and other institutions in Southern Africa who:

- have a track-record of (or intention to) providing services to CBOs and/or organisations of primary producers of non-timber forest products/veld products;
- share the areas of common understanding, and the long-term goal, purpose and objectives of the network;
- wish to actively participate in its activities - including contributing to its financial sustainability and operational success;
- have (or have access to) the financial resources, technical and management capacity, storage and processing facilities to enable them to deliver the required services to the primary producers and their operations.

The present members (founding members) are:

- CRIAA Southern Africa - Development and Consulting (CRIAA SA-DC) of Namibia
- Mineworkers Development Agency (MDA) of South Africa
- Southern Alliance For Indigenous Resources (SAFIRE) of Zimbabwe
- Veld Products Research and Development (VPR&D) of Botswana

However, special consideration and flexibility is extended to VPR&D, GNRT, KyT and BOCOBONET in Botswana. These organisations will discuss their relationship to each other with regard to representation within the network, and will put forward to the other network members the results of this consideration in the near future.

New members will need to apply to the network, and network members shall consider on merit each application whilst considering factors such as:

- the financial and human resources available to the network to be able it to deliver services to the new members;
- the market/commercial demand for marula oil and associated products.

4 Goal, Purpose, Objectives and Activities of the Network:

Long-term Goal of the Network

- To optimise sustainable income for primary producers from the commercialisation of marula kernel products thereby contributing to improved rural livelihoods and the development of the marula resource-base.

Purpose of the Network

- Facilitate strategic marketing of marula kernel products (including - best price, creating long-term demand, scale economy) to the benefit of the primary producers.

Specific Objectives of the Network

- Facilitate processing technology transfer(s) amongst network members
- Facilitate cost-effective use of resources for technical and market research and development
- Provide a secure and confidential environment and forum in which members can exchange strategic and sensitive information relating to market research and development, technical research and IPRs
- Facilitate understanding and collective action relating to Intellectual Property Rights and any value-adding opportunities for the primary producers and developing country interests

- Develop and promote regional product standards (especially quality)
- Establish a positive and effective generic marketing image for marula oil and co-products

Immediate Activities of the Network (6 to 12 months)

- Establish network: common declaration signed (including Memorandum of Understanding, new membership requirements, confidentiality, secretariat appointment)
- Agree, schedule and budget network activities
- Technology transfer to members on existing budget (2 - 3 transfers can be subsidised on existing DfID/EDF budget)
- Sharing of information in the public domain
- Establish appropriate conditions and a mechanism for the sharing of confidential information amongst members
- Identify and influence research topics to meet objectives of the network (including identifying and implementing own R&D activities)
- Promote marula oil and co-products to appropriate market sectors, negotiate sales with selected potential international/export customers⁴ of marula oil and co-products
- Share information on national resource-base and production, and develop newsletter
- Establish and manage website
- Fundraise for network, and establish accounting mechanism
- Investigate use of a production and sale levy
- Organise and convene network meetings
- Research and set own standards (including quality) in line with market requirements
- Discuss and promote generic product image, including label, certification, origin, and related issues
- Review national production scale and costs and agree on minimum export price

Acknowledgement:

The network (founding members) is/are grateful for the financial support being provided by the Department for International Development - Enterprise Development Fund through CRIAA SA-DC for contributing to the founding meeting and the initial activities of the network.

⁴ Local and national marketing of marula oil and co-products are not within the scope of network activities unless this is at a later stage considered desirable by members.