



TRANSLINKS

Linking Natural Resources, Economic Growth and Good Governance

Value Chain Cases in the Context of Conservation Marketing and Certification

WORKSHOP IN ARUSHA, TANZANIA – JUNE 25 - 27, 2009

Hosted by EnterpriseWorks/VITA

WORKSHOP PROCEEDINGS EXECUTIVE SUMMARY

TO READ THE FULL PROCEEDINGS GO TO:

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Executive Summary

Communities living in some of the world's most beautiful and diverse ecosystems are struggling to meet their basic human needs for livelihoods, food, fuel, and water. As populations increase, greater pressure is put on remaining high biodiversity areas, while local community members watch dwindling natural resources impact their daily lives. Eroded soils produce less food, erratic water supplies make household water sources, farming and livestock production more unreliable, disappearing forests take away opportunities for livelihoods and subsistence goods (medicines, building materials).



Referred to as “ecosystem services” the protection of these basic functions requires that conservation and poverty alleviation must be approached in an integrated fashion to conserve a wide variety of ecosystem services needed by people and wildlife alike. Enterprise options that seek to access markets that reward conservation of essential ecosystem services are referred to as payment for ecosystem services (PES).

For too long, traditional business development has paid little attention to incorporating conservation and social goals into business strategies. This is now changing with a host of conservation marketing and certification programs around the world designed to incorporate sound environmental and poverty alleviation practices into product value chains.



The “*Value Chain Cases in the Context of Conservation Marketing and Certification*” Workshop and Training, held in Arusha, Tanzania June 25 – 27, 2009 brought together key stakeholders to share successful conservation and value chain development strategies from horticulture, livestock, forest products, energy, carbon and water sectors. These efforts are linking products to conservation markets and a wide variety of certification programs and payment for ecosystem services mechanisms.

This event, sponsored by EnterpriseWorks/VITA, was supported by USAID under the Translinks Program – Linking Natural Resources, Economic Growth and Good Governance¹. Twenty-six participants, from eight countries representing field practitioners, community groups, the private sector, government and donors shared their product and enterprise development experiences and learned about tools, methodologies, and market trends that are generating documented benefits for the poor and conservation of key biodiversity areas.

¹ TRANSLINKS is a USAID-sponsored Leader with Associates Cooperative Agreement (No.EPP-A-00-06-00014-00) led by the Wildlife Conservation Society with partners EnterpriseWorks/VITA, Forest Trends, the University of Wisconsin's Land Tenure Center, and Columbia University's Earth Institute.

The Translinks partners in attendance (Wildlife Conservation Society, Forest Trends, EnterpriseWorks/VITA, and the Earth Institute) gave an overview of Translinks and examples of the program elements available to the larger development and conservation community including:

- Overview of TransLinks: Promoting Transformation by Linking Nature, Wealth and Power by Carter Ingram, Wildlife Conservation Society
- Ecological Regulation of Ecosystem Services and Ecosystem Primer by Jason Sircely, Earth Institute
- Markets and Payments for Ecosystem Services (Carbon, Water and Biodiversity Markets in Southern and East Africa) with an Introduction to the Katoomba Group by Alice Ruhweza, Forest Trends; and
- The Conservation Marketing Equation by Ann Koontz, EnterpriseWorks/VITA.

During the workshop *The Conservation Marketing Equation* tool² along with a subsector matrix were used with the case studies to give the participants practice in using the tools with a wide variety of products and their value chains. Three other tools – 1) Trends in Green Marketing and How to Position Products; 2) Strategies to Access Green Markets – Specialty Markets and Certification; and 3)

Ecosystem Primer were presented for discussion and to solicit comments from the participants. PowerPoint presentations summarizing these three tools (see presentations by Julie Stein and Jason Sircely) are available on the workshop proceedings flash drive and at www.enterpriseworks.org. The final publications are expected later in 2009 and will join the suite of Translinks cases, tools and training materials available at www.translinks.org. The following table gives an overview of the cases presented and how they relate to conservation targets, markets and certification programs. The livestock case was covered during a field trip on day three of the workshop to Manraya Ranch.



² *The Conservation Marketing Equation* was published by EnterpriseWorks/VITA in 2008 under the Translinks Program and can be downloaded from www.translinks.org or www.enterpriseworks.org. The tool has interactive worksheets that require only Excel and Word to complete and is designed to help practitioners prioritize and ask conservation, social, and economic questions that better guide their enterprise development.

Overview of Cases and their Links to Conservation, Markets, and Certification

| Subsector Value Chain | Case and Products | Conservation Target/Threats/People | Markets and Certifications |
|---|--|---|--|
| Non-timber Forest Products: Essential Oils | Case: Himalayan Biotrade (HBTL), Nepal Products: Essential oils, handmade paper and nettle cloth from non-timber forest products | Conservation Target: Himalayan Forests and Pastures in Biodiversity Hotspots Threats: Overharvesting, grazing, clearing of forests for farm land People: Community Forest User Groups (CFUGs) | Markets: Personal Care Companies seeking certified “green” products: S&D Group, Aveda Certifications: Forest Stewardship Council (FCS); Cradle to Cradle; Organic; Wildlife Friendly |
| | Case: Aroma Forest, Madagascar Products: Essential oils | Conservation Target: High Biodiversity Forests in Madagascar Threats: Clearing of land for farming People: 300 families living near the forest and dependent on farming | Markets: Cosmetic companies in Europe Certifications: Organic, Union for Ethical Bio Trade (UEBT); FSC, Organic and Wildlife Friendly |
| Horticulture: Hass Avocados | Case: Woodlots and Fruit Trees, Certified Avocados, Tanzania Product: Hass Avocados | Conservation Target: Eastern Arc Montaine Forest Ecosystem, Tanzania Threats: timber harvesting, fuel wood collection, farm expansion, hunting People: Farming communities bordering the forests | Markets: Premium Supermarkets in the U.K. Certifications: GlobalGap, Marks and Spencer Field to Fork, Tesco Nature’s Choice, LEAF (Linking Environment and Farming), Ethical Trading Initiative |
| Livestock: Beef | Case: Manyara Ranch Livestock Operations, Tanzania Products: Beef and cattle by-products | Conservation Target: Tarangire – Lake Manyara wildlife corridor Threats: habitat fragmentation from fencing and farming; hunting People: Maasai herders | Markets: Local livestock markets, improving price by adding feed lot component to value chain Certifications: none, but managing area as a Tanzania Land Conservation Trust |
| Cotton | Case: Conservation Cotton - Madagascar, Zambia, Uganda Products: Cotton for clothing | Conservation Target: Priority landscapes in Madagascar, Zambia, and Uganda Threats: Farm expansion, soil depletion, pesticide poisoning People: Poor cotton growers | Markets: EDUN Clothing Company Certifications: Organic, Conservation Cotton |
| Energy and Water | Case: Environmental Products for Local Consumers Products: Fuel Efficient Cook Stoves and Domestic Rain Water Harvesting Products for East Africa | Conservation Target: Non landscape specific, but helps reduce clearing of forests for fuel wood and manage unpredictable water supplies Threats: Fuel wood collection and charcoal making; climate change People: Poor consumers in East Africa who need efficient cooking and household water products to meet environmental challenges | Markets: African consumer products that address environmental challenges “Certifications”: Voluntary Carbon Standard (VCS) carbon deals for fuel efficient stoves |

The case study presentations and training segments generated rich exchanges and learning among the participants. Several themes emerged across the case studies and notable learning included:

PES Enterprises Require External Expertise and Support to Launch: Most, if not all, payment for ecosystem services (PES) enterprises/deals are dependent on external assistance for both expertise and funding to get deals going. This does not mean that there has to be 100% donor funding or “give away” programs, but rather that the private sector alone cannot take on the risk of getting these new market opportunities up and running. The private sector, both locally and internationally have an important role to play in partnership with NGOs and donors to bring down barriers to entry that include lack of local capacity and poor understanding of the PES mechanisms given the newness of these markets.

Business Basics are Still Essential: An understanding of the value chain’s basic cost structure is essential to determine if there is a good match for incorporating conservation and social objectives into a product and assessing the amount of effort to transform the value chain. Value chains that have already made distinctions between commodities and specialty products within their industry hold the most promise. For example – cotton as a commodity; but organic, conservation cotton as a specialty product; farmed essential oils as a commodity; but forest stewardship council (FSC) certified wild harvested essential oils as a specialty product.

Timing and Phasing are Important: Be aware of timing issues related to getting involved with different functions of the value chain. It is important to have an overall picture of the value chain and how it relates to your conservation and social goals at the start of your work, but each of the cases took years to phase in a variety of interventions. Invest in understanding the value chain and establishing a structure for incremental interventions. This allows target beneficiaries to build capacity and allows for trust building among the participants (government, NGOs, community, and private sector).

Certification is Controversial, but has Growing Demand – Green Markets are Now Mainstreamed: Recognize that certification programs are and will remain controversial, but for some products certification is now required by buyers. This is illustrated in the Hass Avocado and essential oils cases. The green marketing trends presentation summarized that there are challenges and opportunities related to green labels. Currently there are over 400 labels available in the marketplace and there are efforts underway to harmonize across labels to reduce consumer confusion. Yet even with the confusion in a 2007 survey, 75% of Lifestyles of Health and Sustainability (LOHAS) consumers agreed that a seal or certification mark indicating a product is environmentally friendly raises the likelihood that they will purchase it. Studies completed in 2009 reconfirmed that consumers around the world are increasingly seeking out and purchasing green products even in the economic downturn. So despite the controversy over labels, consumers are demanding them and industry is responding by seeking them out in their purchasing practices.

Certification Makes Sense for Quality Products with Clearly Identified Buyer Demand: Don’t rush into certification. Understand the different stages of product development and timing of certification. Certification should only be pursued when your product can compete based on quality, price, and quantities needed by the target specialty buyer. No certification can overcome a poor quality product that is priced well above industry price structures. Ideally, you should first have had initial negotiations with target buyers and determine that they do require certification, clarify which certifications they demand, and if more than one certification is required, are there options to combine the certification tracking, reporting and auditing functions.

Learn to Tell your Story to Access Green and PES Markets: To access green and socially responsible markets, storytelling is a very important component to the industry buyer and the end consumer. Buyers who purchase green products want to know the story behind the product, so start documenting your conservation and social messages in a compelling manner.

Develop a Portfolio of Products to Sustain Conservation and Socio-Economic Gains: Finally the cases emphasized the need to develop a robust product mix as it is unlikely that one product can provide sufficient incentives and support to communities to maintain conservation efforts and improve their economic and social conditions. The cases and participants stressed the importance of how early capacity building can be leveraged in later enterprises. This is especially the case with the evolving carbon, water and biodiversity markets which stress the need for an Access and Benefit Sharing (ABS) framework so that $ABS = conservation + local\ development > economic\ drivers\ of\ deforestation$. How to ensure that the advantages and benefits reach the local level and enhance participation of the traditional population continues to be a challenge.

One of the reported advantages for groups that have gone through the rigor of certification programs is the increased transparency and work on equitable benefits sharing arrangements. The cases reported that the certification programs required them to build capacity and increase the professionalism of their enterprises, which allowed them to access higher quality buyers and be better positioned to build a portfolio of PES enterprises.

The workshop concluded with a summary of the **Branding and Marketing Strategies for Conservation Products - Eco Labels, Certification Schemes and Online Retailers**. Resource materials for a sampling of some of the programs used by in the case studies and two examples of online retailers – World of Good by Ebay and Worldstock.com on Overstock.com were featured in the panel discussion.

| Program | Website |
|--|--|
| Forest Stewardship Council | www.fsc.org |
| GlobalGap | www.globalgap.org |
| International Federation of Organic Agricultural Movements (IFOAM) | www.ifoam.org |
| Fair Trade Labeling Organizations International (FLO) | www.fairtrade.net |
| Max Havelaar Foundation | www.maxhavelaar.nl/english |
| Fair Trade Federation | www.fairtradefederation.org |
| Wildlife Friendly Enterprise Network (WFEN) | www.wildlifefriendly.org |
| ECOCERT | www.ecocert.com |
| World of Good by eBay | www.worldofgood.ebay.com |
| Worldstock.com on Overstock.com | www.Overstock.com/Worldstock |

The cases and tools helped the participants to learn about actual enterprises that are working to balance nature, wealth and power issues; gave strategies for evaluating the most promising products and values chains in any conservation context, and just as important, gave guidelines on when to conclude a product is not feasible to meet the triple bottom line of people, planet, and profits. Day three of the workshop concluded with a field trip to Manyara Ranch and Tarangire National Park to see how the African Wildlife Foundation (AWF) and the Maasai People were integrating conservation within the livestock value chain.