



# Non-Wood Forest Products: Improving Production Systems to Enhance Rural Income



## KEY MESSAGES

- *Rural people gain little benefit by simply harvesting and marketing NWFPs in unprocessed form. With appropriate capacity and capital they can engage in value addition activities to increase their income.*
- *Unorganized collection and marketing on NWFP provide low income for rural communities, particularly the poor. Efforts to support them develop into formal production system as a cooperative could help.*
- *NWFP market information and access for rural people are often poor and limited. These need to be improved to strengthen producers' bargaining power and broaden their opportunities in expanding markets*

## Introduction

Non-Wood Forest Products (NWFPs) can contribute significantly to the livelihoods of forest dependent communities in terms of food security, nutrition, employment and income generation. About one billion people rely on wild harvested products for nutrition and income; the invisible trade in NWFPs is estimated to generate \$ 90 billion/annum.

It is increasingly recognized that promoting sustainable use of NWFPs could lead to a win-win situation for poverty reduction and biodiversity conservation. However, in many locations, local communities still gain little income from collection and trade of NTFPs from the wild as their production systems are rather spontaneous and unorganized.

To promote sustainable production of NTFPs and improve capacities of rural people in developing formal production systems within organized NTFP value chain, support for the following is crucial to increase their income:

- Cooperative development, capacity building, and capital for NTFP value-adding production systems;
- Facilitating access to markets and computer-based market information system for NTFPs; and
- Enabling policy for NTFP production.

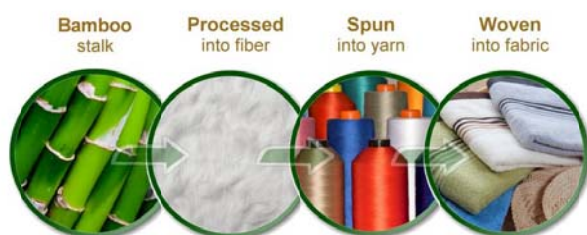


## Local NWFP Value-Added Production System

Majority of NTFPs sold by collectors/harvesters do not undergo basic value addition. Adding value is largely practiced by processors and manufactures and with little intervention at the primary producer or collector's level.

A survey made by Asia Network for Small scale Agricultural Bio Resources (ANSAB) shows that the number of local processing and manufacturing industries is few, with the bulk of NTFPs still leaving Nepal in raw form. Based on a study on 13 products traded from catchments in far-west, central and east Nepal, Edward (1995) found that harvesters of NTFPs receive only 32% of the final price in India.

The value of NTFPs is large, but the potential of value-adding opportunities is unrealized. The improved and processed raw material generally fetch higher price than crude raw material. Value addition intends to make the same products more valuable.



Value addition can be made in a number of ways by increasing the efficiency in each stage of the value-chain. Interventions include preparing time schedule for collection of material, identification of correct plant and their parts, maintaining hygienic conditions while collection, following non-destructive harvesting techniques, removal of foreign material from the collected product, sorting, drying and appropriate packaging and storage.

Improvement of raw materials and processing are two common examples of value addition that can be done by local communities. Augmenting livelihoods of the forest dependent communities requires some focused intervention on NTFPs. Support for facilities pertaining to storage, grading and processing and value addition through convergence with existing schemes and programs in private and public sectors should be promoted.

## Market Information and Access for NTFPs

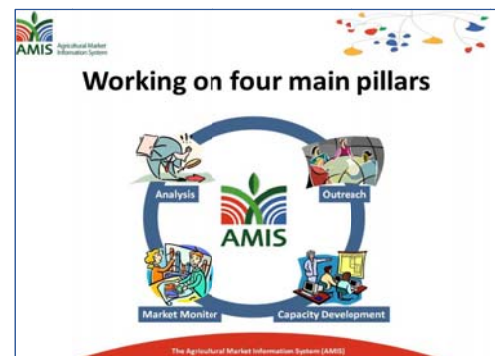
Local NTFP gatherers and producers need timely, reliable, and relevant information about their markets to find out what the customers exactly want to be able to set up the production system to meet demands and maximize income.

A marketing information system that organizes the collection, analysis, and communication on NTFP products and standards, buyers, prices and channel of distribution will improve market transparency for rural producers, improve their bargaining power, and provide basis for deciding on better production system for increased income (FAO, CF Field Manual No. 6).

Marketing information system for NTFP to help the rural poor is not yet systematized and developed as that of some agricultural products. The Food and Agriculture Organization of the United Nations has supported the setting-up of a local-level price monitoring system for some Social Forestry products in the Philippines and resulted in improved bargaining power and more options for farmers in selling their produce.

Timely and reliable computer-based marketing information system transformed the once formerly idle elderly in a small town in Japan. The Yokoishi and Irodori Co. sells “Tsuma” decorative leaves for high-end fancy restaurants in Japan into proud entrepreneurs. Irodori has contract with 190 elderly farmers in the leaf-selling business that generates 260M Japanese Yen annual sales.

According to the facilitator, Mr. Yokoishi, there is a need to create a system so that farmers would be encouraged to produce more and provide enough information, necessary infrastructure, training, and compensation to elevate their sense of pride and value for quality. Following the value chain reinforced the point that “seeing is believing” among the farmers ([www.japantimes.co.jp/2008](http://www.japantimes.co.jp/2008))



Disseminating appropriate information on resource base and on market condition is identified as among the salient requirements for the development of NTFP. Others include adding value locally, choosing the right marketing strategy, informing local producers on standards and legal procedures, supporting and building capacities of vibrant, accountable local organizations, and conducting cost and effective research and development (Chupezi, et al., 2009)



## Unorganized Non-Wood Forest Products Production Systems

Unorganized NWFP production contributes to decline in the market chain and an example is in India where safed musli (*chlorophytum borivillian*) is a crop that has impacted farmers when the price was sold at US\$50/kg in 2001-2002 but was reduced to US\$15/kg in 2003. Many farmers suffered losses under contractual buy-back arrangement by individual or organized institutions. (FAO, 2010))

The attached table also clearly indicates global and regional export of our region it shows that we had low export percentage due to very unorganised market system. By improving the market chain one of the mechanism is through forming cooperative groups with 20-100 members. The strong organization can collectively facilitate the growth and benefits for rural communities.

With the formation of cooperative groups a number of approaches can be used to make marketing chain more favorable to the poor farmers. The branding of products is important for identification of product by consumers. Branding promotes development and adherence to standard measures for quality control during NTFP production process. With Cooperative, the issuance of permit to operate to collect, process, transport and sell of NTFP products is facilitated. Cooperatives will help lessen burden of farmers individually negotiating with buyers. It supports economy of scale and may also help increase their awareness on standard regulations as well as access to grants or loans to expand their business.



Global and regional NWFP export table

|   | 1996<br>(million US) | 2000<br>(million US) | 2003<br>(million US) |
|---|----------------------|----------------------|----------------------|
| Total global export                       | 7, 082.2             | 8, 001.6             | 12, 873.8            |
| Export (Asia-Pacific)                     | 3, 466.6             | 3, 487.9             | 5, 186.5             |
| Share of Asia-Pacific<br>In global export | 49%                  | 44%                  | 40%                  |

(FAO, 2010 Asia-Pacific Forests and Forestry to 2020, AFSOS II)

## Conclusion and Recommendations

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The income from NWFPs is rather marginal despite of their important role in improving the livelihoods for forest adjacent/rural households, particularly the poor. Among others, absence of local value added activities, lack of market information about NWFP, limited access to the markets and overall unorganized and linked production system are seen as the major issues that count. To address these issues in order to improve the income from NWFP, the following recommendation are proposed:

- Support rural households including the poor to form local organization/cooperative and develop formal and organized production of NWFPs. Particular attention should be given to collective marketing approach as an NWFP based intervention can help communities with knowledge, confidence and processes to operate in the marketing channel;
- Provide appropriate incentives, including training in implementation of value added activities and providing technical guide, materials, equipment and loan access to rural households to ensure their engagement in formal and organized NWFP production system.
- Facilities pertaining to storage, grading, processing and value addition and marketing through convergence of existing schemes and programs in private and public sectors should be promoted and created
- Revise the legal regulations to provide enabling legal framework for government support for producer, trade and processing groups, market access and premium prices through certification, tax breaks and outreach and education on new policies and laws.

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