



Nature Pays: Accelerating community enterprises to promote livelihoods and land/seascape and river basin conservation

Guide for practitioners



Background on Nature Pays and how to use this guide

For conservation to be effective, local communities must benefit from conservation efforts. This is the understanding at the heart of WWF's Nature Pays work, which helps communities set up and run small enterprises that support conservation, including activities such as ecotourism and handicraft production.

Communities organized around sustainable enterprises are powerful allies for conservation. By providing communities with a long-term economic benefit, they can build support for conservation, while providing positive outcomes for both people and nature.

However, community enterprises often face significant obstacles in trying to make a sustainable living. Whether it's the administrative challenge of establishing a business or a lack of capital to get things off the ground, these obstacles can prevent many enterprises from reaching their full potential.

Nature Pays is helping community conservation enterprises in some of the world's most important landscapes overcome these barriers, empowering them to gain access to markets, reduce the pressure on environmental resources, and ensure conservation benefits are equitably distributed.

To produce this guide, staff from WWF's Markets Practice conducted 40+ interviews, reviewed past internal and external reports and case studies, conducted a survey of WWF's global network of offices, and profiled 136 unique WWF-supported businesses (200+ projected) in over 50 offices across five continents.

This guide is intended to be an easy-to-use starting point for practitioners interested in the following questions:

- **Section 1** - How many, what types of products, and what role does WWF play in supporting community enterprises?
- **Section 2** - What structural elements are critical to making a community enterprise successful?
- **Section 3** - What strategies and tactics can improve performance and create value for the community?

We have also included recommendations for how WWF can build the capabilities and execute specific projects to meaningfully improve our work with community conservation enterprises.

- Hina West, Nature Pays Director



Executive summary

Nature Pays objectives

- Improve access to formal markets, enable demand & better conditions (e.g pricing)
- Reduce the pressure on environmental resources with a clear conservation outcome
- Ensure conservation benefits are equitably distributed – with a particular focus on women’s economic empowerment and indigenous people, resulting in positive social impact

Nature Pays reflects WWF’s focus on communities as critical partners in our work to preserve targeted, high value landscapes (e.g., rainforest, coastal communities, etc.).

- For conservation to be effective, local communities must benefit from conservation efforts
- Communities organized around conservation-friendly businesses have proven to be powerful allies for conservation

Currently, 50+ WWF offices support more than 200 community enterprises as part of our conservation strategy. This investment will further increase as enabling successful community enterprises is a critical component of many of WWF’s highest strategic priorities, such as:

- Priority Landscapes including the Cerrado, Southern Kenya, Northern Tanzania and Coastal communities
- Initiatives including People Protecting Landscapes, Earth for Life, Coral Reef Triangle, and Tigers Alive
- Strategies and objectives across our work in Oceans, Forests, Wildlife, and Food
- National Office Strategies including the UK, Denmark, Finland, Malaysia, Peru, Ecuador, DRC, Brazil, and Mozambique
- Sustainable Development Goals (SDGs): SDG 1 of No Poverty and SDG 15 of Life on Land

WWF primarily works with community enterprises on 6 product types.

- 1. Timber; 2. Non-Timber Forest Products; 3. Local food crops; 4. Fish (& meat); 5. Handicrafts; 6. Ecotourism
- Non-Timber forest products (NTFP), tourism, fish, and local food crops make up largest components of survey responses

WWF supports these enterprises in 6 ways, which reflect the critical business elements that all community enterprises must have:

- 1. Community organizing; 2. Product design; 3. Operational capabilities; 4. Environmental monitoring; 5. Funding; 6. Market access

This is a challenging area of work and most WWF-supported enterprises are in their relative infancy, so many have not yet achieved long-term financial sustainability.

- Enterprises face competitive challenges in delivering both economic and environmental returns
- Conservation staff require further training and education on best practices, tools, and technical assistance

Nature Pays aims to build the capacity of WWF Offices to strengthen community enterprise development through three pillars of work:

- *Community of Excellence* to capture knowledge, develop, and share best practices
- *Advisory Services* for WWF enterprises, programs and proposals
- *Design Innovation and Partnerships* to shift the paradigm through business model and technology innovation

Community conservation enterprises: A powerful tool for conservation but a challenge to do well

Working definition

Engage in commercial activity

- Directly involved in the sale of goods and services
- Legal status that enables transactions

Benefit the community

- Enable stakeholders to capture added value and achieve higher-level of income stability and/or longer lasting returns
- Help local communities to retain equitable share of profit and significant decision-rights

Enable conservation

- Contribute to protecting habitat and biodiversity
- Often part of a suite of community conservation strategies—e.g., education, improved governance, scientific capability building, etc.

Community enterprises can be integral to targeted conservation efforts

Conservation enterprises can help conserve critical landscapes

- + Help communities benefit economically from conservation
- + Reduce tradeoff between development and conservation
- + Build political support for conservation (local and national)
- + Create a long-term funding source tied to conservation outcomes – if business is sustainable

Conservation enterprises are unlikely to transform markets

- Transformation of a broader market system (e.g., economy of Amazon rainforest) is an admirable, but very large goal. For this objective, practitioners will likely consider other market transformation strategies in addition to supporting community enterprises

“Communities organized around forest-friendly economic activities have proven to be powerful defenders against the ever-present threats of illegal logging and industrial mining.”

— 2017, RAISG (Amazon Network of Georeferenced Socioenvironmental Information)

The RAISG study analyzes 15 years' worth of data and concluded that deforestation rates are 80% lower in indigenous territories and conservation units than outside those areas.

It's important to **set expectations** with communities and partners that building enterprises that deliver for both the community and environment is a challenge.

This document outlines the building blocks and performance improvement strategies for successful enterprise development.





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Section 1: Nature Pays and WWF's work with community conservation enterprises

Section 2: Key considerations for managing community conservation enterprises

Section 3: Market access tactics to improve performance: Value chain framework



Section 1

Nature Pays and WWF's work with community conservation enterprises



Nature Pays Hub objective and approach

The Nature Pays objectives

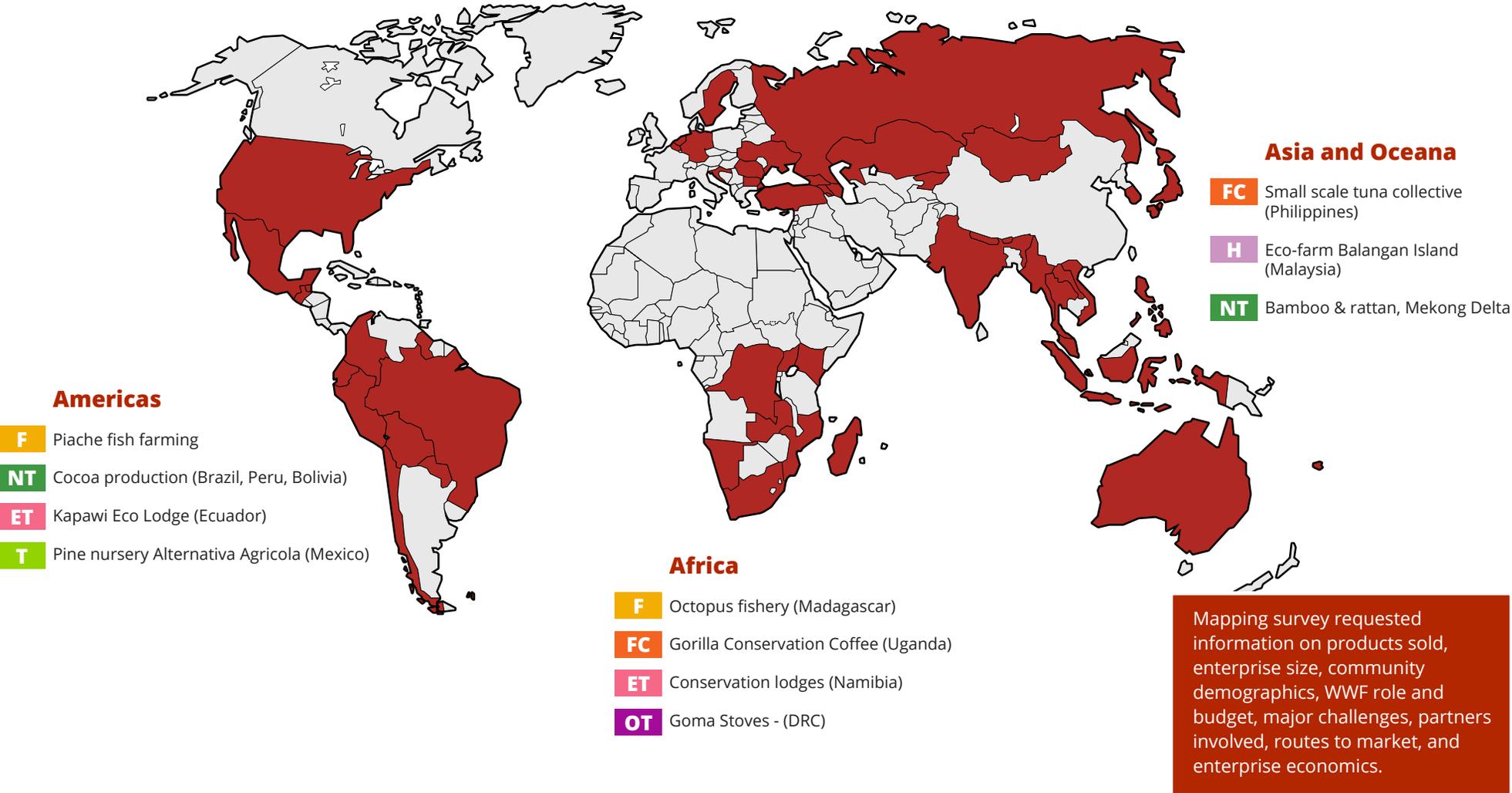
- Measurably increase scale and profitability of enterprises in priority landscapes
- Contribute to high impact initiatives and priority landscapes
- Increase “return on donations” for major WWF program investments
- Break cycle of grant funding through scalable innovations
- Work with partners across the sector to support environmental entrepreneurship, contribute to thought leadership and engage with impact investors
- Improve access to formal markets, enable demand and better conditions (e.g pricing)
- Reduce the pressure on environmental resources with a clear conservation outcome
- Ensure conservation benefits are equitably distributed – with a particular focus on women’s economic empowerment and indigenous

Three pronged approach

- **Community of Excellence:** Capture knowledge, develop and share best practices (WWF & External members)
- **Nature Pays Advisors:** Internal advisory capability for WWF enterprises, programs, and proposals
- **Innovation:** Shift the paradigm through business model and tech innovation and partnerships

WWF's global network of offices works with more than 200 community conservation enterprises across the world

Examples of community conservation enterprises include the below:



Enterprises examples shown for example purposes only

Key: **ET** Ecotourism **F** Fish Products **FC** Small scale ag **H** Handicrafts **NT** NTFP **T** Timber **OT** Other

Source: Community Based Conservation Initiative Survey (February 2018): Respondents that answered either Small scale enterprises – ecotourism (incl. tribal wildlife program in US) or Small scale enterprises - not ecotourism as ongoing conservation interventions

Sample of enterprises supported by WWF Network

Americas

Bolivia

- NT** Activa Cusi Oil
- NT** Brazil nut harvesting
- NT** Acai palm fruit harvesting
- NT** Cocoa production

Ecuador

- NT** Galapagos artisanal seafood
- NT** Charapa turtle eggs
- NT** Kichwa cocoa (Pacari partnership)
- ET** Kapawi Ecologde
- ET** Floriania ecotourism (Galapagos)
- ET** Zancudocha ecotourism
- ET** Quinde Warmi ecotourism

Brazil

- NT** Natural rubber (Sky Group)
- NT** Cerrado nuts
- NT** Brazil nuts
- ET** Barra de sao Manuel Ecotourism

Peru

- F** Piache fish farming
- ET NT** Cocoa production & Ecotourism MDE Saweto Peru

Mexico

- T** Pine nursery of Alternativa Agricola Suchixtepec SPR de RI
- FC** Organic Foods for Better health
- FC** Organic production of Creole apple from Guitana SPR de RI
- NT** Agroecological Coffee of Union San Pedro Para la Agricultura Sostenible
- NT** Agroecological products for organic agriculture: Biofertilizers, rock flour, etc
- NT** Nursery production of plants from the dry, riparian, Cloud forests
- ET** Eco-touristic destination in the state of Quintana Roo
- ET** Eco-tourism, Calakmul Reserve

Guatemala/Honduras/Belize

- ET** Caribe Maya coastal ecotourism

Chile

- F** Community sardine fishermen

Africa

Madagascar

- T** Timber cooperative
- NT** Essential oils
- F** Octopus fishery
- ET** Mangrove ecotourism

Uganda

- T** Comm. tree growing, Virunga
- OT** Awamu Biomass Energy LTD
- NT** Divine Bamboo
- FC** Gorilla Conservation Coffee

Zimbabwe

- NT T** Miombo honey production and sustainable forest management

Namibia

- ET H** Details for 46 conservation lodges and some handicrafts and other products and PL for country focus

Kenya

- ET** Kaya Kindo ecotourism lodge
- ET** Mau-Mara 'Grasses Without Borders' game drives and livestock program

Central-African Republic

- ET** Dzanga-Sangha Ecotourism
- NT** Essential Oils

DRC

- OT** Goma Stoves—clean cook stove technology
- ET** Bonobos ecotourism (Mai-Ndombe)

Tanzania

- NT** Beekeeping, Selous-Ruvuma
- NT** Tourist Hunting in Wildlife Management areas, Selous Ruvuma
- T** Forest Products from Village Land Forest Reserves, Selous-Ruvuma

Asia

India (TBD)

- H** Handwoven yoga mats, carpets, mats
- H** Processed food products (pickles, jemes)

Nepal

- NT** MAPs for Cats

Maylasia

- H** Traditional handicrafts. Belum Temengor Kercut Handicrafts, Setiu Wetlands
- H** Ecotourism, Sarwak Highlands
- ET** Rattan handicrafts, Kubaan Puak, Sarawak
- H** Gaharu tea leaves, Song-Katibas region, Sarwak
- NT** High-value rice, Sarwak
- FC** Mengkuang handicrafts, Sarwak
- H** Eco-farm Balangan Island, Kudat Sabah
- ET** Balambangan Island, turtle friendly ecotourism

Mekong Delta (Vietnam, Laos, Thailand, Cambodia, Myanmar)

- T NT** Bamboo, Rattan and Acacia/Ikea Partnership

Cambodia (sub group of above)

- NT** Rattan furniture, bamboo incense sticks
- NT** Community honey

Vietnam

- FC** Support 30 white and black shrimp collectives

Oceania

Philippines

- ET** Ecotourism, whale shark interaction, Sorsogon, Philippines
- FC** Small scale tuna collective
- FC** Coral Trout (Live Reef Food Fish Trade)

Indonesia

- NT** Rubber production
- NT** Agarwood production
- FC** Coffee small holder collective
- NT** Cocoa small holder collectives

Salomon Islands

- OT** Women focused microfinance to fund businesses
- FC** Community-based fishery management (CBFM)

Europe

Croatia

- F** Small Pelagic Fisherman's collective (Sardines, Adriatic Sea)
- F** Fishers cooperatives of Porto Cesareo (Apulia), Sinis (Sardinia) and Patti (Sicily)

Bosnia and Herzegovina

- T NT** Forest management for wood production and trade
- ET** Ecotourism National Park Una

Italy

- F** Fishers cooperatives: Apulia, Sinis, and Patti

Danube region

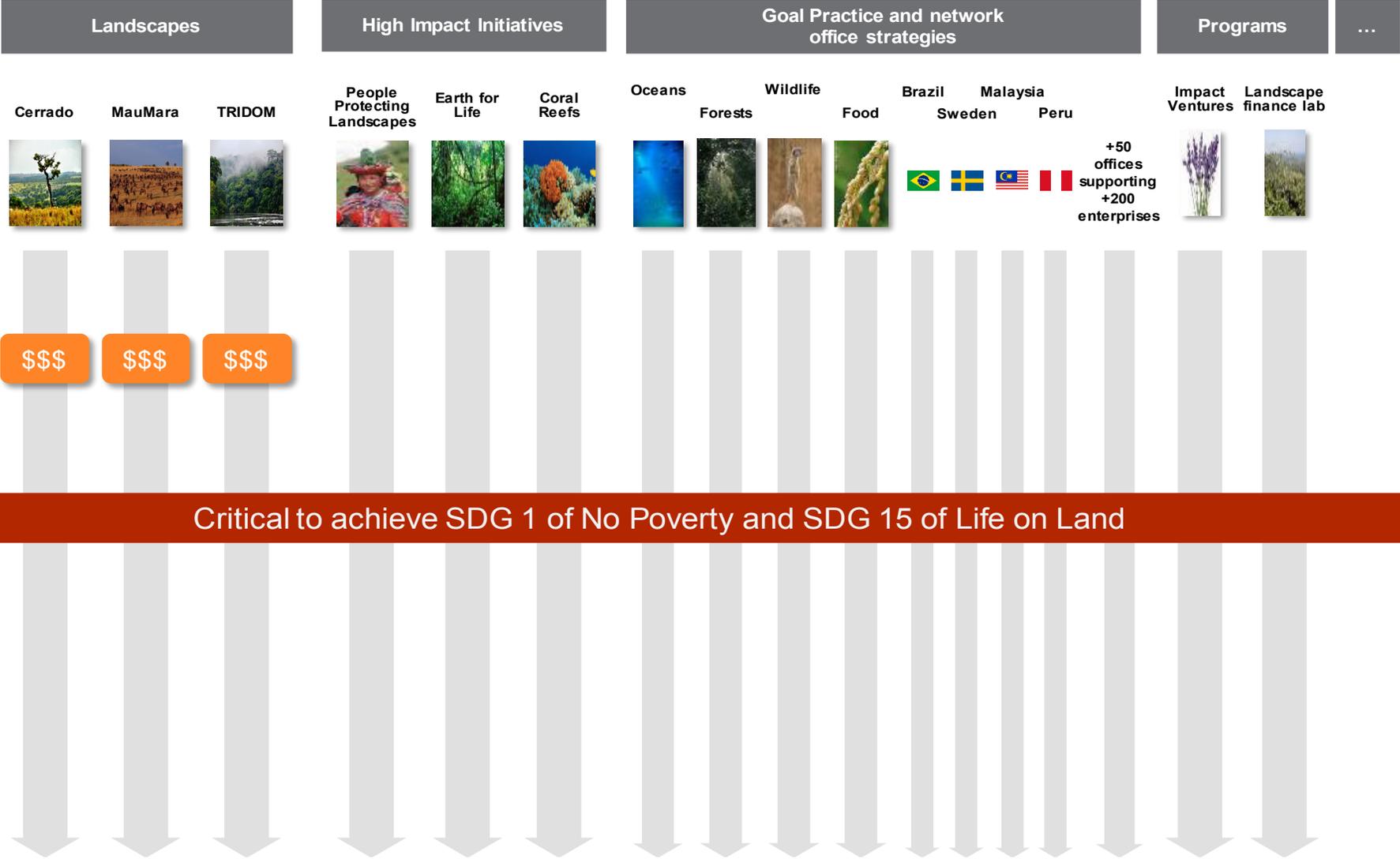
- NT F** Local Economy and Nature Conservation (LENA): Fairwild plants, sustainable soy, sustainable fish, ecotourism
- ET FC**

Mediterranean

- ET** DestiMed program local tourism operations in Greece, Croatia, Italy, France and Spain

WWF capacity to build sustainable community conservation enterprises is increasingly important

Community conservation enterprises are key enablers of many of WWF's most important areas of work




Community conservation enterprises

WWF is primarily working with enterprises on 6 product types



Timber

Acacia palm fruits, cedar

Example projects:

Mekong Delta Program community sustainable timber collectives



Non-Timber Forest Products (NTFP)

Brazil nuts, cusi oil, rattan, acai palm fruits, honey

Example projects:

Brazil nuts and cusi oil in Bolivia



Small scale ag

Rice, coffee, etc.

Example projects:

Organic Adan Rice Farming in Sarawak, Malaysia



Fish and meats

Sustainable fisheries, aquaculture, livestock

Example projects:

Galapagos spiny lobster fishery



Handicrafts

Weaved goods, rattan baskets, rugs

Example projects:

Terai Arc Landscape (India) handwoven yoga mats, carpets, sitting mats



Ecotourism

Ecolodge, safari, etc.

Example projects:

Ecuador Achuar Eco Lodge, Namibia conservancy lodges

Building blocks for community conservation enterprises:

WWF supports these enterprises in one or more of the below 6 ways*



1 Community building

Organizing local actors and building social capital



2 Product/Service development

Helping the community design appropriate and high potential income generating strategy



3 Operational capacity

Helping communities achieve operational quality and business capabilities required to win customers



4 Environmental monitoring

Monitoring and validation that business practices contribute to conservation goal



5 Funding/Financing

Provision of or connection to funders/financing



6 Market access

Connection to markets and customers (e.g., local, regional, global)

*Critical considerations within each of these elements are detailed in Section 2

Challenges raised by practitioners by area of support



1 Community building

- Critical but time and resource intensive
- Must consider economic alternatives and community complexity
- Support from other parties not guaranteed (e.g., government/regulators)



2 Product/Service development

- Limited community capacity or skills
- Limited WWF capacity
- Hard to find right partners to fill gaps
- Limited access to tech or techniques for value addition



3 Operational capacity *(same challenges as #2)*

- Limited community capacity or skills
- Limited WWF capacity
- Hard to find right partners to fill gaps
- Limited access to tech or techniques for value addition



4 Environmental monitoring and/or Certification

- Social and enviro outcomes unconfirmed
- Managing the risks of growth
- Hard to achieve formal certification
- Inaction of enforcement authorities



5 Funding/Financing

- Lack of formal banking/finance mechanisms
- Lack of scale to attract funding
- Investment horizon too long
- Need for funding is significant



6 Market access

- How to develop marketable products?
- How to identify the right markets and partners?
- How to market the product and build demand?
- How to use the WWF brand?
- How to build marketing capability in the enterprise?
- What is WWF's exit strategy?



In summary

How can WWF better help small producers on the front lines of conservation with limited business capabilities and low bargaining power achieve a sustainable livelihood?

...and enable scale and/or replication and long-term viability of environmental enterprises?

A viable conservation business:

- 1.** Is profitable
- 2.** Delivers more value to the community than the likely alternative
- 3.** Contributes to measurable conservation outcomes



Section 2

Key considerations for managing community conservation enterprises

Building blocks for community conservation enterprises:

WWF supports these enterprises in one or more of the below 6 ways*



1 Community building
Organizing local actors and building social capital



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Helping the community design appropriate and high potential income generating strategy



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The following section provides recommendations for each of the six building blocks for community enterprises outlined in the previous section. For each block, we recommend:

- **Key considerations** practitioners should take into account
- **Key actions** to take when setting up or managing a community enterprise to increase likelihood of success

Note: Inclusion is critical. This guide is aimed at practitioners but actions must be taken in partnership with the community



1 Community building

Organizing local actors and building social capital

Key considerations



Rights: Secure land tenure and access to resources

- Communities will not invest cost of sustainable practices if rights to resources and long-term benefits are not protected



Benefits: Equitable and transparent benefit distribution

- Sharing between stakeholder (e.g., multiple local communities, government bodies, etc.)
- Sharing within groups (e.g., not enriching single actor)



Governance and decision making

- **Internal:** Transparent and inclusive decision making structure that reflects local values and traditions
- **External:** Supporting community in developing seat at the table within local, national and international governance bodies and support efforts for self determination



Robust management plan: Co-designed resource management strategy

- Stakeholder roles and responsibilities, monitoring protocol, metrics, dispute resolution, etc.



Key actions¹

- ✓ Community priority assessment
- ✓ Environmental assessment
- ✓ Economic opportunity assessment
- ✓ Consensus building - interventions must be community endorsed and/or driven
- ✓ Management planning
- ✓ Support for advocacy and community rights development
- ✓ Support for equitable benefits sharing framework (internal and external)
- ✓ Organize smallholders into collective

Key issue for establishing community enterprise:

Community must establish single 'legal' entity with ability to transact as collective

¹for WWF practitioners and partners in partnership with the community



1 Community building

The 'more money, more problems' problem

Even when creating more financial profit for a community is the objective, the potential **impacts of increased product demand and / or infusions of wealth into the community **must be considered from the outset****



Increases incentive to produce and/or harvest more

Examples

- Without proper safeguards, an increase in per unit price of a fish product is likely to increase fishing

Risk reduction strategies

- Ensure credible community commitment to sustainability
- Clearly link demand increase & sustainable practices...
- ... and ensure no cheating by linking funding and/or future demand to verifiable sustainable practices



Can create new environmental problems

- New discretionary income from sustainable enterprise reinvested in unsustainable cattle ranching

- Critical to develop deep understanding of local dynamics and consider likely outcomes of success (as well as failure)
- Ensure early and open communication with communities. Sustainability and/or financial management education offerings may help mitigate risks as well as inform potential risks
- Must know and be comfortable with potential risks of both success and failure before investing further in an enterprise



Can shift internal dynamics of community

- Profit disproportionately empowers single individual
- Income disproportionately used for purchases like alcohol, etc.
- Can also be a positive — e.g., value captured empowers womens' groups...

Very important for conservationists and community members to understand the risks and to work together from the beginning to avoid them



2 Product/Service development

Help community design appropriate and high potential income generating strategy

Key considerations

When engaging in new product idea generation, product screening & feasibility, and or when considering new investments



Natural resources

- What resources does the community have or can negotiate access to that can be used for income generating activities?



Human resources

- How much labor, what kind, during which parts of the year can community commit? What skills do they have? What skills or resources do neighboring communities have? What partners, companies, NGOs, can community connect with?
- What products can community realistically grow, make, deliver, and at what quality and quantity?



Financial resources

- What financial resources does community have that can be feasibly pooled, accessed and or committed? What are the risks and/or tradeoffs (e.g., going it alone, raising donor funds, giving up equity to partner, etc.)?



Start with products already being produced

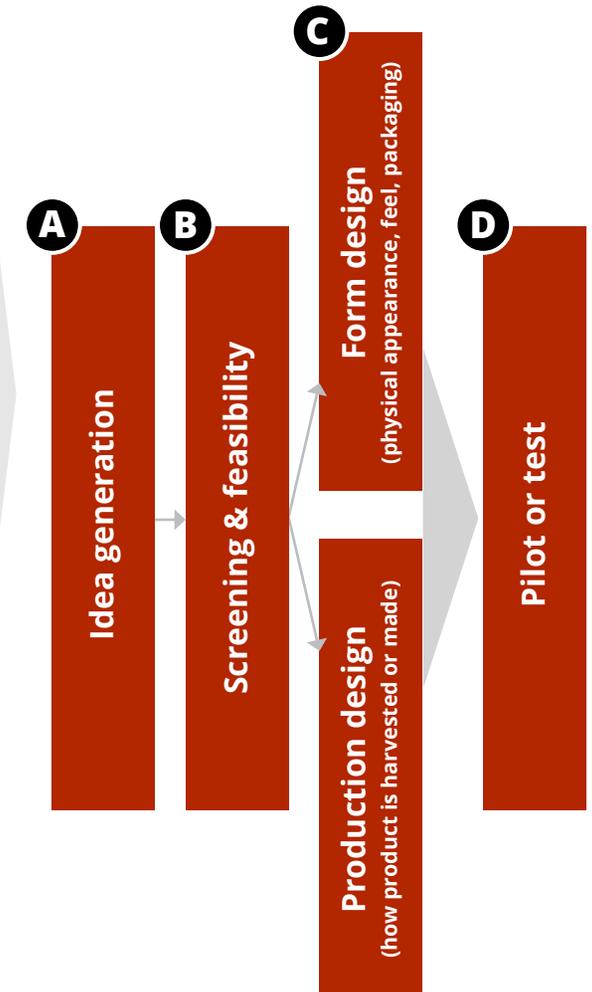
- Start with working to expand market or improve value capture for one product
- Goal is to diversify production and reduce dependence on a single product but start with one
- Keep it simple and don't try to make a killing



Market potential

- Of feasible product options, which have demand pools that can be accessed? (local, regional, or international)
- What quality and quantity is required? Is that feasible?

Key actions



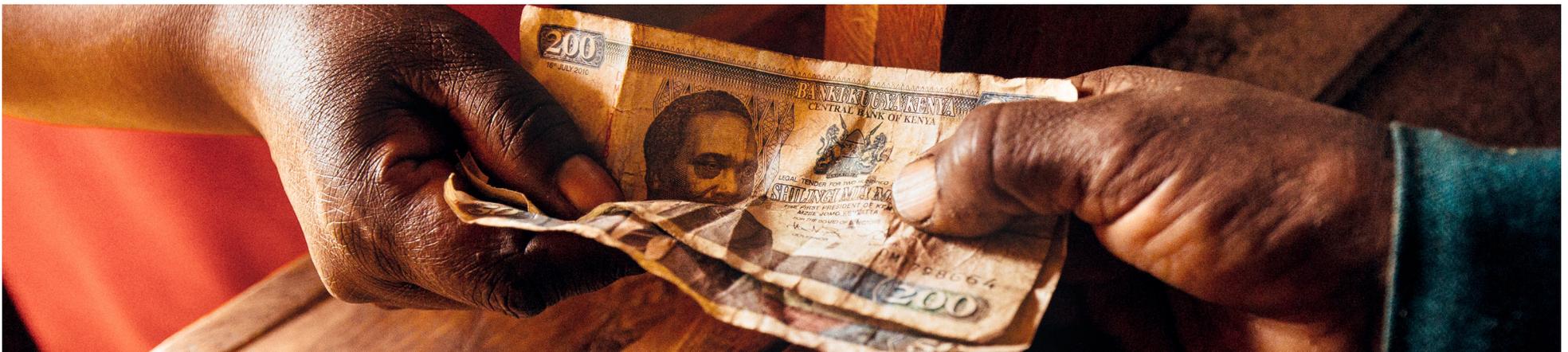


2 Product/Service development

Questions to ask when considering new product or service

- Can the product be produced with minimal or acceptable environmental impact on biodiversity, on ecosystem function? What are the indicators? What if production is doubled? Is the community currently monitoring the environmental impact of its activities? Do baseline data exist? If not, is the community willing to collect them?
- Who benefits from the activities? What will be the impact of the proposed activities on different groups within the community as defined by primary source of income, ethnicity, religion, sex, or age? Are the people-women, older people, etc.-who select the income-generation strategies the same people who will be carrying them out?
- What is the return per hour worked? Most producers are far more interested in the amount of money they can make per time invested in an activity, rather than the gross anticipated returns from an activity
- Regardless of how much a community wants to sell a product, how much does someone want to purchase it? It is wise to check out the markets before choosing which products on which to focus. For example, what are the current markets for the product in question? What are the trends? What factors are causing changes in the markets for each product?
- What is the competition? Can a community compete with a few others or even hundreds of other communities in producing this product? Is there an economy of scale that would allow a number of communities to work together and benefit from increased production?
- Finally and most importantly, what are the risks associated with each product (e.g., financial, Investment/diversion of labor, loss or erosion of subsistence base, increased dependence on one product, erosion of biodiversity or modification of resource base)?

Source: Jason Clay, 1995, *Generating income and conserving resources: 20 lessons from the field*





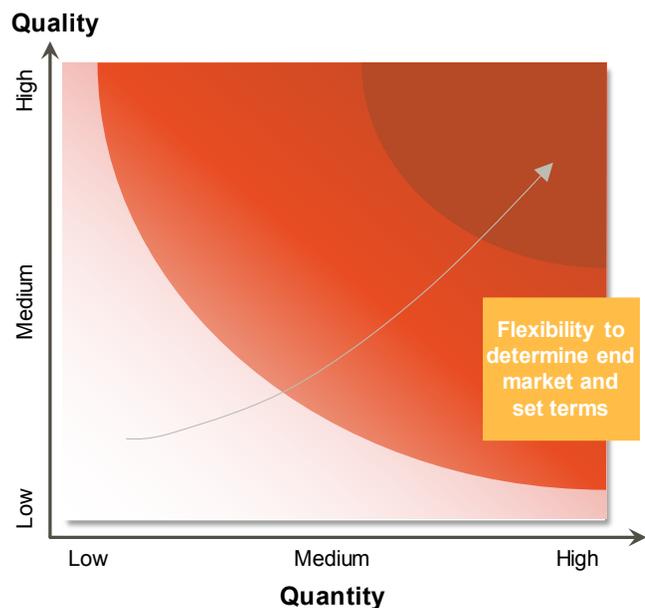
3 Operations capacity development

Helping communities achieve the product and operational quality required to win customers

Key considerations



Most enterprises that WWF supports are early stage and are focusing on increasing product quality and meeting demand.



Requirements will vary by buyer but generally higher price markets require more volume, consistent delivery of quality, regular deliveries, etc.

Key actions



Business planning



- Develop business case for product offering

Sales and marketing



- Understanding what customers want, how much they will pay, advertising products, converting potential customers into final sales, etc.

Financial management and accounting



- Ability to track incoming and outgoing funds, purchase orders, labor expenditures, etc.

Operations and logistics



- Warehousing, transportation, HR, training, quality control, etc.

Standards and quality control



- Buyers in most formal markets (e.g., manufacturers, importers) will require health and safety data as well as nutritional data

- ✓ Business planning
- ✓ Sales and marketing
- ✓ Financial management and accounting
- ✓ Operations and logistics
- ✓ Standards and quality control

Partnerships with other entities or entrepreneurs is encouraged.



4 Environmental monitoring

Monitoring and validation that business practices contribute to conservation goal

Key considerations



Critical to ensure conservation goals are achieved

Can be WWF's core value add...

- Developing credible strategies and monitoring schemes to minimize environmental impact is a core capability of WWF staff
- Increases WWF's value as a partner to Enterprises, as a connector to other actors (buyers, NGOs) and as a credibility provider for product (brand)

Key actions



Baseline and monitoring

- ✓ Establish baseline and monitoring scheme

Education

- ✓ Work with community to improve environmental management practices (related to business or otherwise)

Standards or certification

- ✓ Develop environmental standards for economic activities
- ✓ Certification may be useful standard scheme and can be effective market signal in high income markets where consumers will pay more for certified products
- ✓ **Caveat:** value capture of formal certification for producers is often overemphasized → ensure cost will be worth likely increase in price or volume

Manage Risk

- ✓ **Adverse incentives:** The increased benefit from use of a resource has unintended consequences
 - Successful increase in value becomes powerful incentive to overuse the resource (e.g., drive overfishing)
 - Increased dollars in community disrupts social structure
 - Increase profit reinvested in negative way (e.g., buy cattle)
- ✓ **Leakage:** Unsustainable economic activities are moved rather than replaced
- ✓ **Permanence:** Ensuring investment in new activities remains in place for reasonable amount of time



5 Funding/Financing

Provision of or connection to funders / financing

Key considerations



Funding that extends until enterprise reaches profitability is a critical component of enterprise viability



Donor funding challenges

- Often time-limited
- Avoid creating patron/client relationship and enabling dependency → Even if symbolic, is there appropriate community investment to ensure they are sufficiently invested in the conservation enterprise



Debt and equity financing challenges

- Limited formal finance access/bank accounts
- No single entrepreneur in collective structures to own debt and repayment
- Indigenous communities may not be comfortable giving up ownership in enterprise or resources
- Private sector investment horizons too short to develop business and market for community enterprise



Key actions

Grant or funding applications

- ✓ Despite rapid growth in the impact investment sector, funding for staff time to support WWF Community Enterprise conservation interventions still likely needed in early stages

Financial education and training

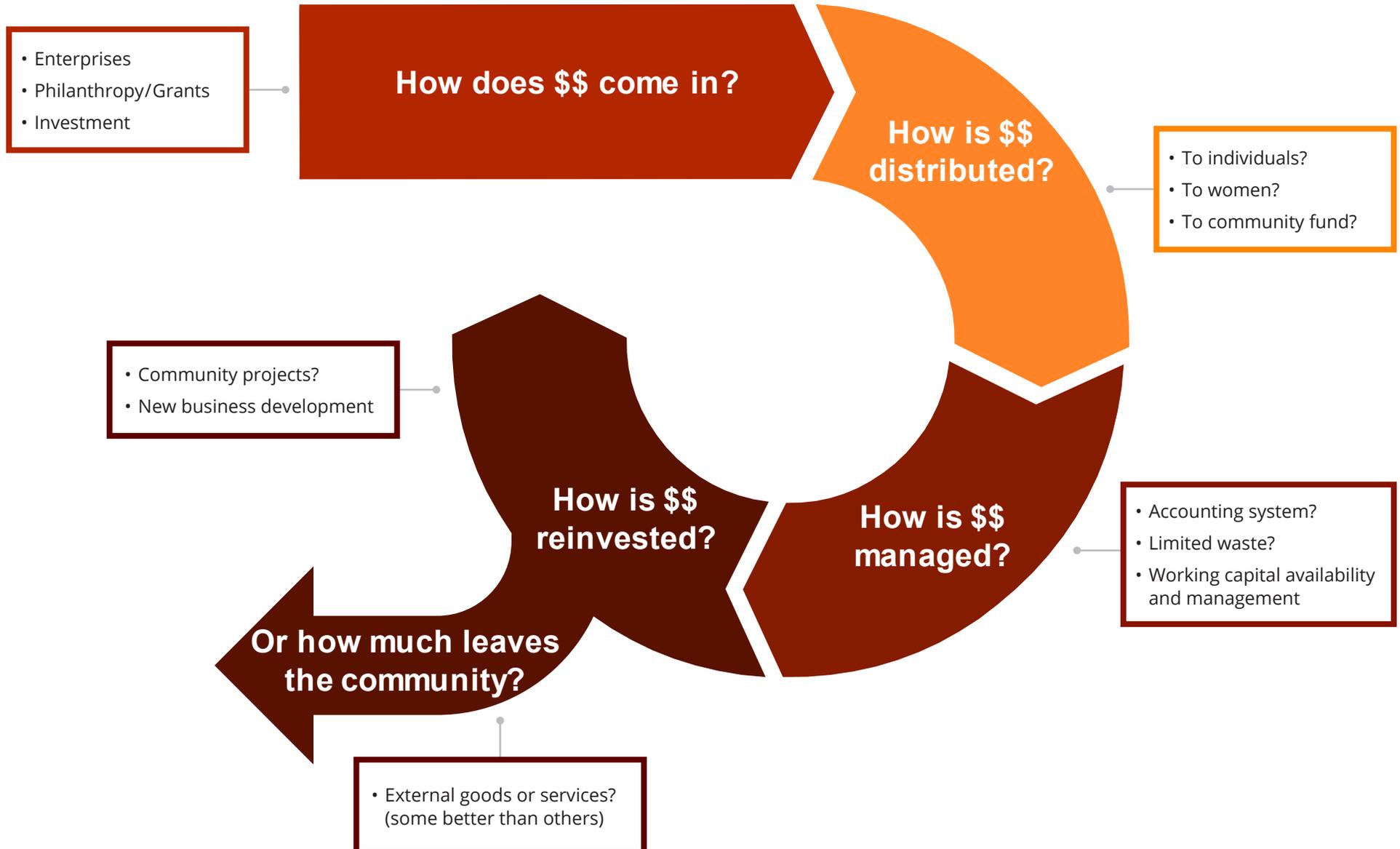
- ✓ Training to help community understand implications and practicalities of various funding options or requirements (e.g. auditing policy, simple accounting practices, banking options)

Consider creative combinations of funding mechanisms such as donor money for capital expenditures that will prove the enterprise business case and enable private sector investment



5 Funding/Financing

Working towards financial sustainability: Think about how money comes in and is managed





6 Market access

Connection to markets and customers (e.g., local, regional, global)

Key considerations



The 'right' market that delivers maximum value to the community, not necessarily the highest income market

- Where is there demand for the product? At what price does the product sell?
- Do some markets value certain quality, standards certification or other item? Do the products meet or can the community deliver against this criteria?
- Are there others supplying that market?
 - May be positive indicator of demand or potential risk of oversaturation
- What other players participate in the value chain? Are there potential partners to work with? Which are potential threats because they take too much margin?
- Can the community build the operational capabilities to supply the target market?

Intermediaries required in the process (transport, shipping)

Competition in country and in target market

Marketing opportunities

Product development with customers in mind



Key actions

Realistically assess market demand and opportunity

Consider opportunities along the value chain to

- ✓ Achieve scale
- ✓ Improve efficiency
- ✓ Create value-added partnerships

Combination of all previous elements

WWF enterprises often aspire to sell in high-income countries but quality requirements or the cost of export/import can reduce profits for the community



Section 3

Market access tactics to improve performance: Value chain framework

In Section 3, we will examine potential strategies for improving enterprise profit for communities.

These tactics:

- may help communities make more money from a local enterprise.
- are organized by where they can be applied across a generalized enterprise value chain, from producer to “messy middle” to consumer.
- are a sample based on WWF experience and case studies. WWF will continue to develop this list with practitioner input.
- represent a menu of strategies for practitioners to try when working with an enterprise. Some will apply to a particular enterprise or sector, and some will not.

Section overview: Strategies for improving enterprise profit for communities

Tactics organized by where they can be applied across generalized value chain, from producer to “messy middle” to consumer

Value Chain Assessment



Upstream producer



“Messy Middle”



Downstream marketer/buyer



End customer

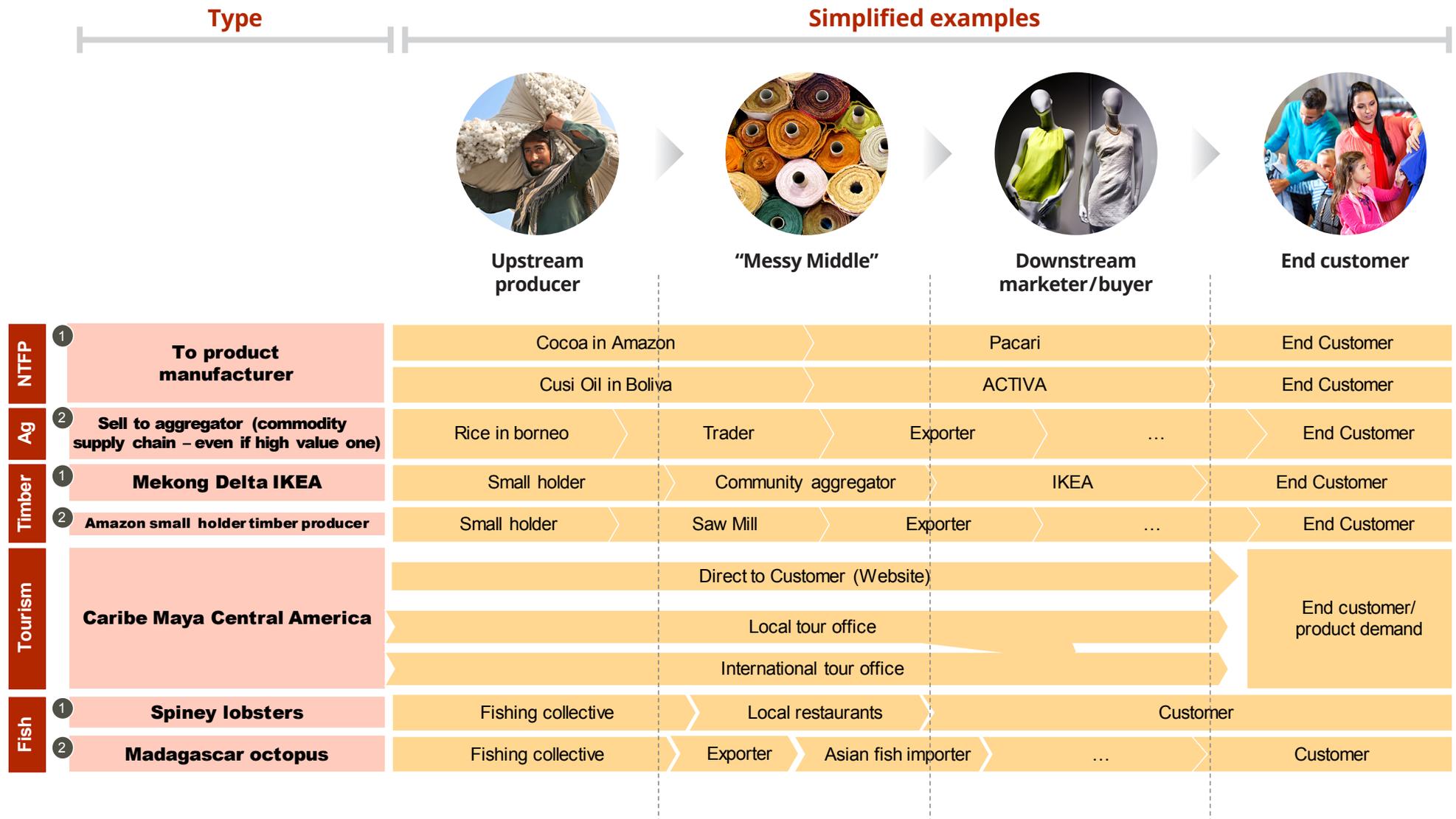
Strategies

- Aggregate producers
 - Develop management
 - Enable pricing transparency
 - Diversify revenue streams
 - Diversify markets
 - Improve volume or quantity
 - Purchase inputs in bulk
- Reduce loss or inefficiency and pull value back to processor
 - Reduce number of middle men
 - Improve storage or transport
 - Added value processing
 - Hold product and sell in off season
- Facilitate preferred commercial relationships
 - Engage private sector to investing capability provision
- Develop individual enterprise brand
 - Develop aggregated marketing and promo strategy
 - Diversify channels by going direct to customer

Representative value chain community enterprises

How a product gets from the local producer to the end consumer is important. The product, where it is produced, who produces it, and where it is being sold will all impact how many steps and actors are involved in bringing it to market. Additionally, all of these things impact the price the producer receives and the final sale price.

Below we have supplied some simplified example value chains to illustrate this point below. The remainder of the section considers opportunities to impact these value chains to deliver more value to community conservation enterprises.





Interventions for supporting **upstream producers** with market access

Tactics



Build larger collectives

- Aggregate producers to negotiate together and achieve better terms and/or to deliver larger volume of goods to single point and capture cost savings



Develop joint partnerships

- Outsourcing opportunities for suppliers



Sell to a new market

- Additional or more promising geographies or customer segments



Sell a new product (diversify)

- Product diversification is key risk abatement tactic (e.g., handicrafts sold in eco lodges)



Distribute better pricing information for commonly traded commodities

- Small Community Enterprises have limited visibility into where and for how much their products are sold, limiting leverage and negotiation



Invest in differentiation due to environmental benefits

- Certification
- Distinguish brand as contributing to conservation

Examples

Vietnam Shrimp Farmers



Used significant aggregation of small scale shrimp farmers to attract buyer interested in certified sustainable production

Malaysia Gaharu Tea



Joint venture with local company (Aquilaria Plantation) who provide seedlings and process tea leaves



Interventions in the 'Messy Middle'*

Strategies to be tested

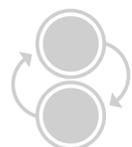
Tactics



Capture value by pulling product processing back to community



Improve efficiency as the product travels through the market system



Find ways to reduce or replace traders/exporters/tour operators



Assess investment of value added processes

Examples

Economic returns from improved NTFP efficiency

Activity

Reduce post-harvest losses through

- Improved forest storage and/or transport
- Improved local warehouses/storage
- Improved transport to processing plants

Potential economic impact

- Reduce product losses by 5% or more
- Reduce product losses by 25% or more
- Reduce product losses by up to 35%

Improve transportation through

- Volume shipping
- Backhauling
- Processing product to reduce water and waste

- Reduce costs by 10% or more
- Reduce costs by up to 50%
- Reduce costs by up to 70%

Hold product and sell in the off-season

Increase gross income up to 200%

Add value locally through processing

Increase gross income up to 500%

Improve credit terms

Reduce credit costs by up to 75%

Negotiate income-sharing agreements with manufacturers

Increase income 10% or more

Purchase consumer goods in bulk

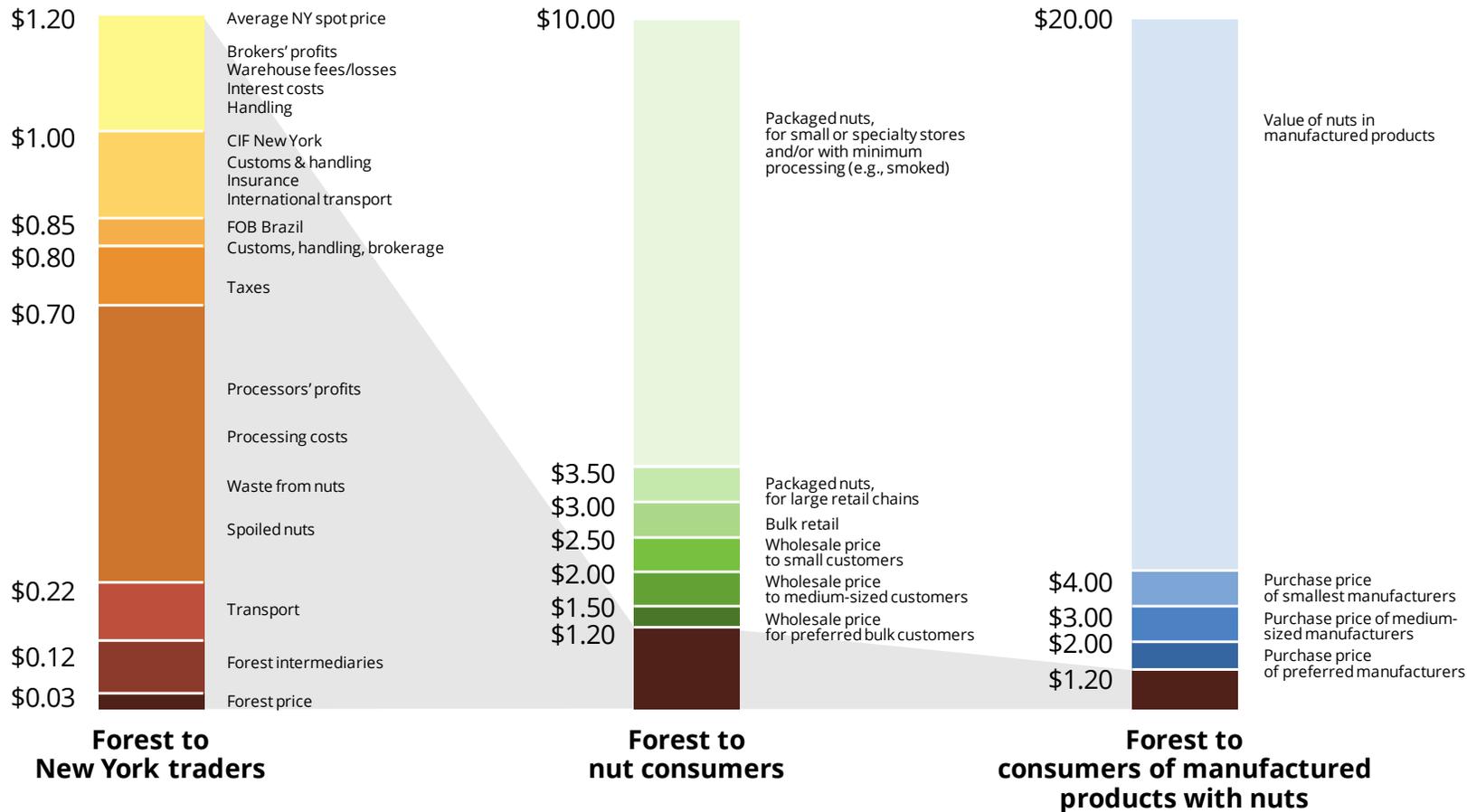
Reduce costs up to 50%

*information from Jason Clay



Example: The 'Messy Middle'

Brazil nuts in Acre, Brazil: \$.03 in the forest → \$10 - \$20 at end customer



Brazil nuts

Nut collectors had aggregated product to sell in bulk and added 25-50% to the value through bulk delivery. Then they built a shelling plant, paid producers 3x by reducing waste, grading and controlling quality. Creating jobs allowed them to take over municipal politics and then the state. The work was so successful all other buyers of Brazil nuts doubled prices to producers.

Sources: *Generating Income & Conserving Resources*. Jason Clay, 1996, WWF. *Borrowed from the Future: Challenges and guidelines for community-based natural resource management*, Jason Clay, 2004.



Interventions at **downstream retailer/buyer**

Tactics



Identify high potential downstream markets (may be local or international)

- Do sellers compete by marketing sustainable products or environmental benefits? Is there downstream customer demand
- Are there actors with a history of partnering/supporting smallholders



Engage private sector as advisors

- E.g., Migros (CH), Pacari example



Build commercial relationships

- Develop 'story' and begin to build brand
- At local level, demonstrate capabilities to deliver what market requires (e.g., quality control, etc.)
- Define criteria for companies working with you and engaging communities - generally do not look for partners who want high volume / low price

Examples



Activa Cusi Oil, Bolivia

Seeking access to European beauty and personal care markets based on product quality and strong story



Pacari partnership, Ecuador

Projects involving the creation of sustainable livelihoods often fail due to the lack of commercial partners that will pay fair prices and consider local communities as real business partners.

- WWF Ecuador



Sardine fishery, Chile

Working to sell directly to local super market chain (rather than to processing plant) for 4x the price



Interventions to create **end customer demand**

Tactics

Examples



Across projects or country, develop common branding and promotion strategies

- Product catalogue and website (either just for info/ education or with actual sale options)
- Contribute to marketing campaigns/build partnerships



Develop individual enterprise brands

- In some cases it may make sense to build brand around specific community, product or landscape



Build direct channel to customers

- Combined market place
- Or individual websites



Promote certification

- Drive demand for certification schemes (e.g., FairWild)



WWF Colombia website highlighting sustainable timber products



FairWild Certification signals quality standards to buyers



Ten examples of community enterprises the WWF Network supports (1/2)

Name / product	Country	Description	Scale / Size indicator
Caribe Maya Sustainable Tourism Network	Guatemala and Honduras	Established in 2016, CARIBE MAYA is an initiative that promotes community based sustainable tourism products and services, in Guatemala's Caribbean coast and in the coastal zone and islands of northern Honduras. Each community is offering different sustainable tourism experiences to collectively connect with tourism markets.	More than 1,000 direct and indirect beneficiaries
Activa (Cusi Oil) - Natural Oils for Beauty and Health	Bolivia	Activa is a natural cosmetics firm, developing and marketing sustainable, fairly sourced products from the Amazon rainforest in partnership with WWF Bolivia. The market for natural cosmetics is growing. This venture focuses on the sustainable extraction of fruit oils in a way that benefits the people and conservation of the Chiquitano Dry Forest in Bolivia. Bolivia has among the richest forest ecosystems in the world. This includes "dry forests" in areas with little rainfall, but still an incredible abundance of life. Cusi is sources of vegetable oils with special qualities suited for cosmetic and medicinal products. The fruit is harvested from a palm tree in a sustainable way, without the need to cut down the trees. Activa works with indigenous communities providing income opportunities and promoting forest conservation.	Working with women's group in community of over 125,000 people across five primary indigenous groups
Gaharu Tea Leaves	Malaysia	WWF is working with the local communities and partnering with a local company (Aquilaria Plantation) to supply gaharu (agarwood) seedlings, monitor growth and process the tea leaves.	n/a
Small-scale Handline Tuna Fisheries Improvement Project	Indonesia	Tuna is the highest-value export of fishery products of the Philippines. In this project, the tuna is caught by handliners, packed and chilled by exporters, who then export the fish mostly to Europe. In kagonoy Gulf and Mindoro Strait, Philippines. 2011. WWF-Philippines received funding from DEG/WWF-Germany to implement a project with the objective of achieving MSC certification for the 2 project sites.	A total of about 6,000 fishermen in the two project sites of Lagonoy Gulf and Mindoro Strait
Fishers cooperatives of Porto Cesareo (Apulia), Sinis (Sardinia) and Patti (Sicily)	Italy	The three sites host small scale fishing activities where fishers are organised into cooperatives and management consortia. Fishers in Porto Cesareo have organised into a cooperative that transforms fish products and gets a sustainability and quality label (Slowfish). In Sardinia and Sicilian sites fishers sell their products directly to wholesalers, restaurants and fish shops. WWF is working with the local communities and partnering with a local company (Aquilaria Plantation) to supply gaharu (agarwood) seedlings, monitor growth and process the tea leaves.	Sinis - ca 80 fishers Patti - ca 80 fishers Porto Cesareo - ca 150 fishers
"Growing Grass Without Borders"	Kenya, Mau-Mara_Serengeti (MMS) Landscape; Mara Prototype	We are promoting sustainable rangeland management and connectivity by working with landowners organised in community wildlife conservancies surrounding the world famous, eight wonder of the world, namely; the wildlife rich - Maasai Mara National Reserve in Kenya.	The direct beneficiaries are 300 landowners in three community wildlife conservancies, with an average household size of 5 members per family; this will be 1500 members.



Ten examples of community enterprises the WWF Network supports (2/2)

Name / product	Country	Description	Scale / Size indicator
Forum Tesso Nilo and Wild Honey Producers Network	Indonesia	The forest or wild honey or honey produced by <i>apis dorsata</i> nested on selected forest trees. The production is seasonal and implies high traditional skills of the tree climbers and honey collectors. The honey is then processed, water quantity reduced to under 22% to prevent rapid fermentation and alteration of the product. The product. In Mutis, the wild honey originates from mostly Eucalyptus trees forest. The product is a seasonal product with two regular harvesting times around January-February and June-July, every year. The natural water content of the honey is around 22%. A chemical analysis of the honey is available.	Over 100 families in several villages in two sub-districts in the buffer zone of the Tesso Nilo National Park
Kichwa Community Cocoa Project (Dry cocoa, national variety)	Ecuador	In the KICHWA ZANCUDO COCHA COMMUNITY, production at the family level and associative marketing of fine national cocoa and aroma, have become the main economic activity, characterized by keeping families occupied in the countryside and allowing the generation of income monetary policies and the care of natural resources. The Zancudo Cocha community is one of the few indigenous communities that is authorized by the Ecuadorian Institute of Intellectual Property to use the Seal: Denomination of Origin CACAO ARRIBA - ECUADOR.	It is a community that has an area of 178,000 hectares. Around 200 people live in the community, grouped into 28 families
Kwandu Conservancy (Example of 42/46 joint conservancy partners that offer controlled hunting licenses)	Namibia	Management and utilization of tourism and wildlife products for investment in conservation and benefits to members. 1999 was when the Conservancy was legally registered as a voluntary association and given rights to generate and retain income and benefits from wildlife and tourism. WWF works setting up and (with & through local partners) supporting management and utilization systems, i.e. monitoring, quota setting, offtake management, financial management, business plans, etc.	Community committee = 13, Staff = 24, Residents = 4664
Hoa Nghia Cooperative, ASC certified shrimp products (example of 1/30 enterprises WWF supports)	Vietnam	All members are joint owners of the shrimp product cooperative. All inputs (i.e feed, seed, chemical ,veterinary medicines) are from same using and distributed by the Cooperative with minimum prices. All of farmers are controlled by the QA team and internal control system of the Cooperative to assure that all ponds/farmers totally comply to the ASC shrimp Standards. The Cooperative is a legal entity which is capable of signing a binding contract with Soctrang Seafood Joint Stock Company (STAPIMEX) as farming contract. The Cooperative got ASC certified on April, 2017 under support from WWF and stakeholders and selling ASC products for STAPIMEX seafood company, Soc Trang as signed farming contract.	The Hoa Nghia cooperative has total area about 60 ha, 29 members, there small farms are very close with annual estimated yield about 300MT/year



Resources and contacts

Thanks for your attention. This guide remains a working document. For more information and to contribute to the continued development of these concepts, please contact:

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