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Juggling Environmental and Economic Goals in Natural Resource Value Chains: Apples and Oranges?

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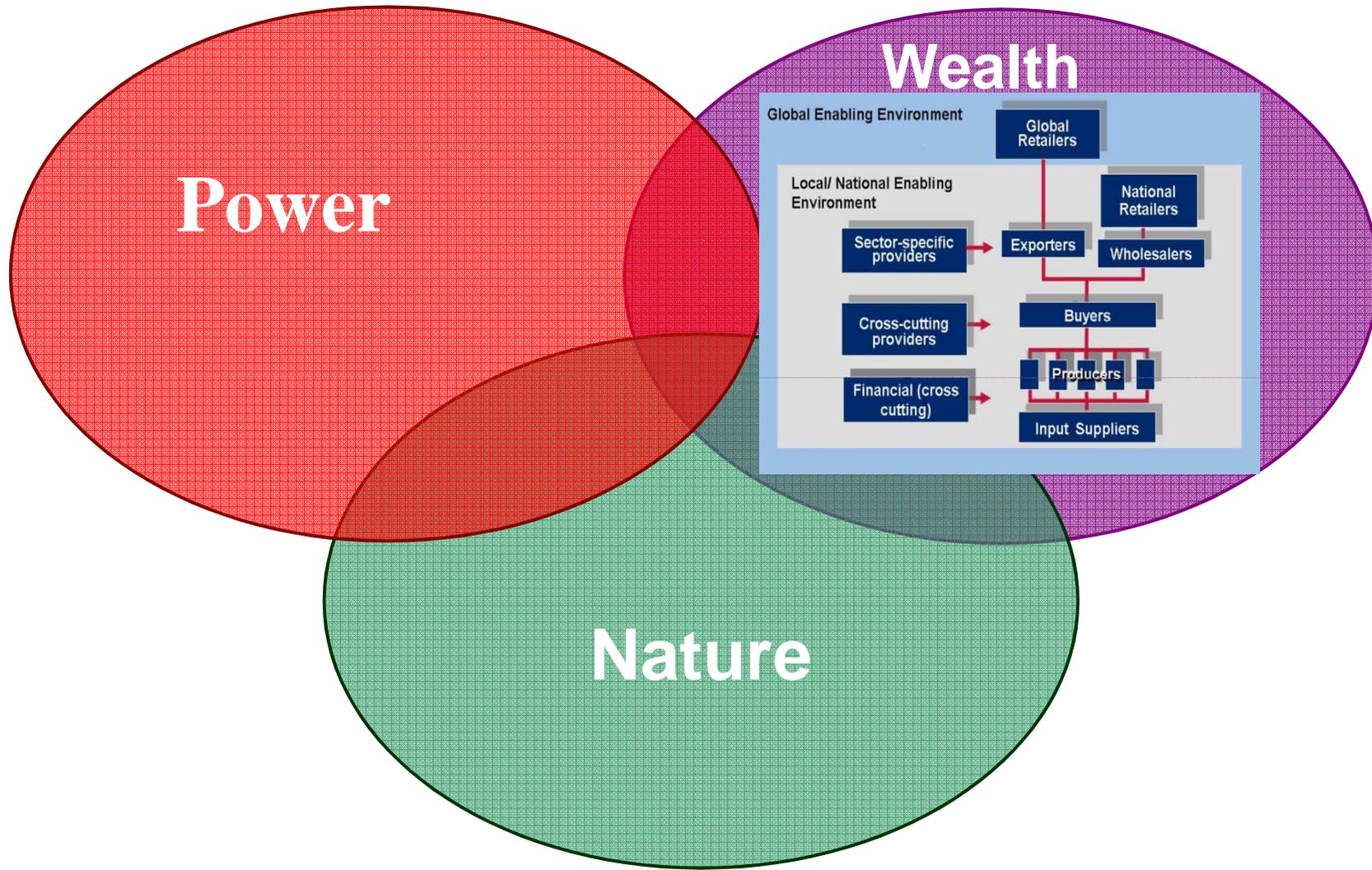
Current VC programs:

1. **PROFIT** in Zambia
2. **TERADP I** in East Timor
3. **ADFP** in Angola
4. **PROVAL** in Mozambique

NRM activities

1. Currently sub to IRG with **Wula Nafaa II** in Senegal
2. Past NRM programs in Senegal, Namibia, Zambia, Benin, and Niger
3. Our integrated approach to NRM a precursor to NWP

Nature – Wealth – Power



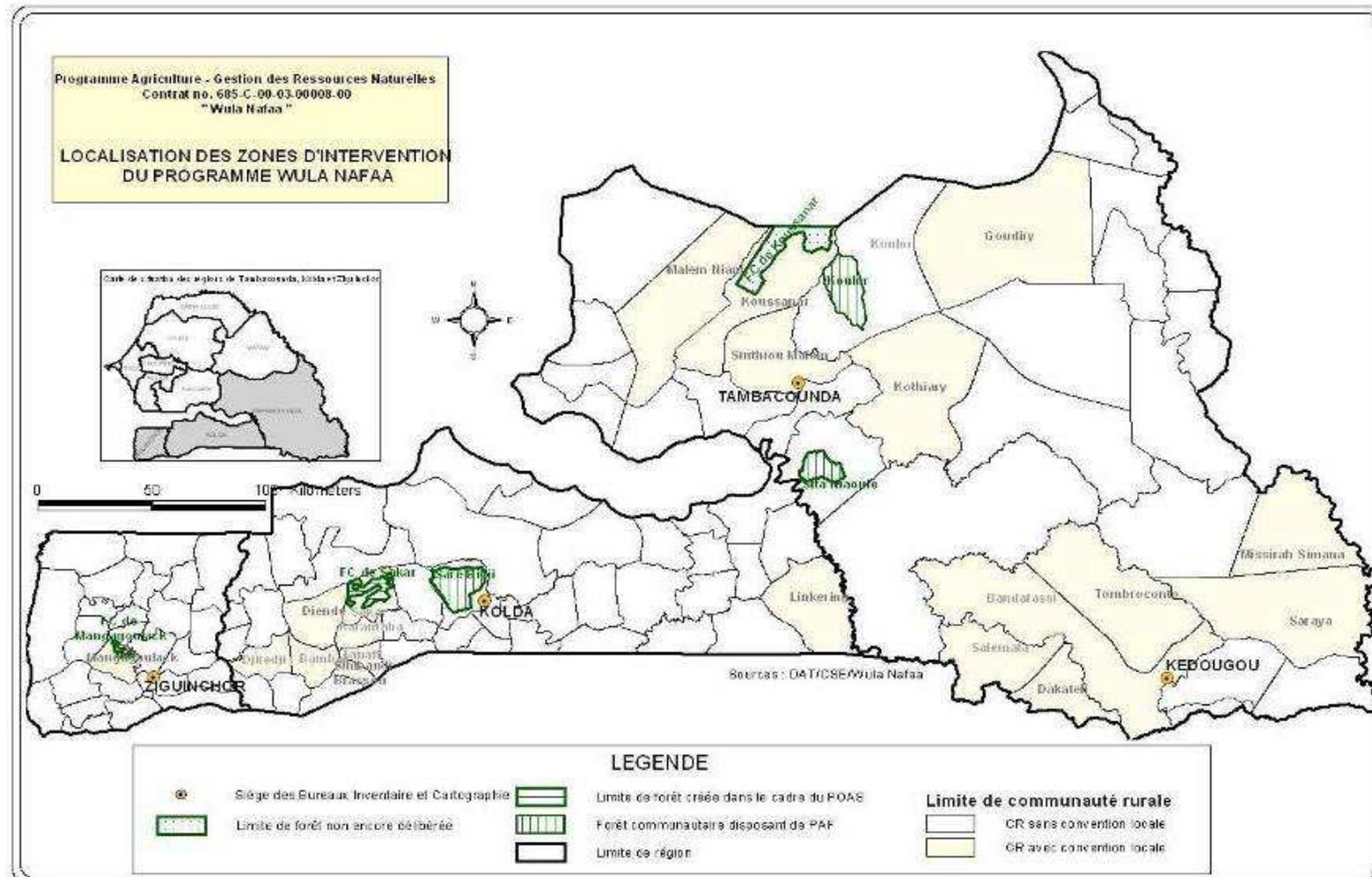
Taking care + Knowledge + Resources = Management

1. Nature of NRM products

1. Supply is often difficult to grow
 - Increased volume through increased out-take can be unsustainable
2. No need for input supply
 - Less BDS provision potential
3. Production is dispersed
 - Hard to attain scale, bulk up



2. Limited geographic focus

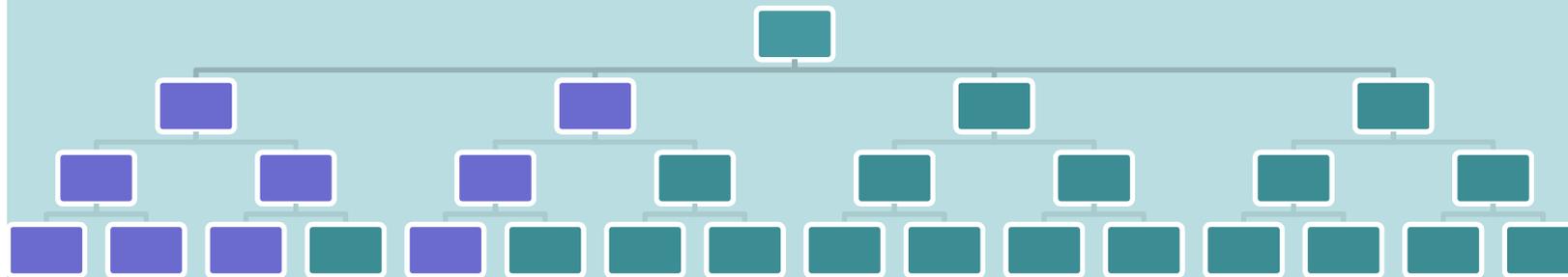


Limited choice of value chains:

- * Area of intervention
- * No negative externalities

2. Limited geographic focus: number of actors

Intervening in the Baobab sector in Senegal



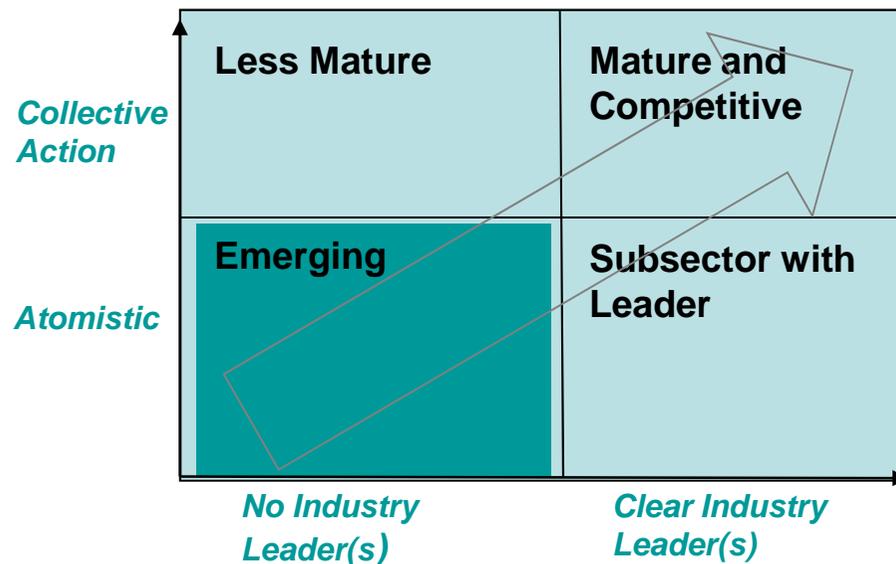
Difficulties:

- * Lack of leveraging power
- * Susceptible to conflicting interventions

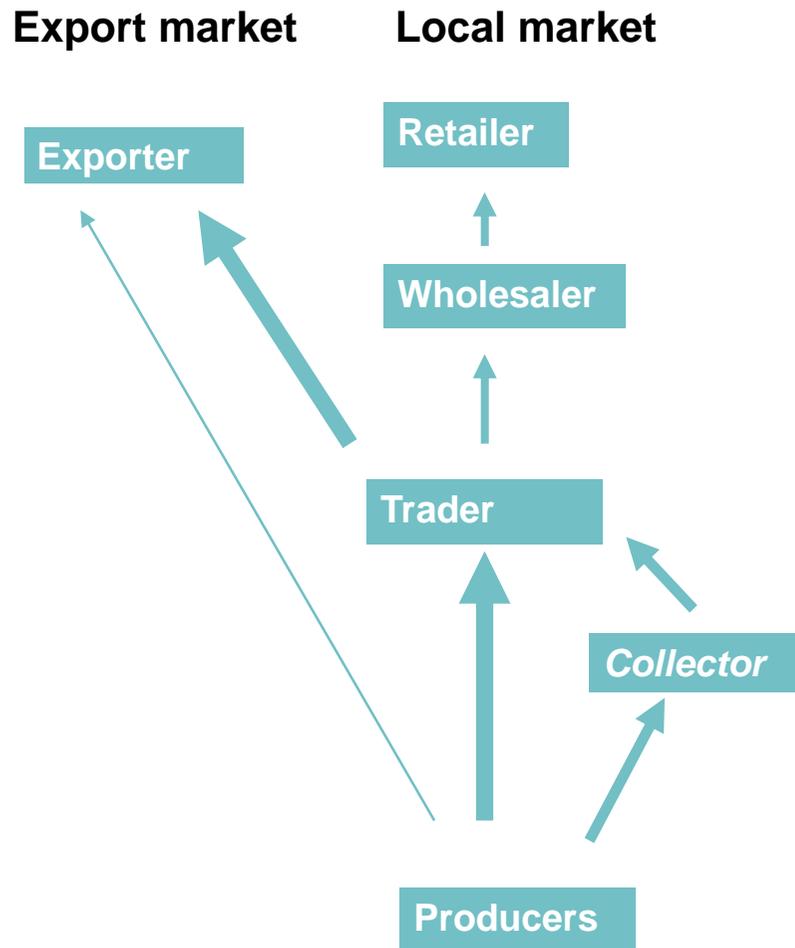
2. Limited geographic focus: formality

Limited choice + nature of NRM products = marginally formal value chains

- Atomistic
- Limited lead firm capacity
- Poor levels of communication
- Low levels of service provision



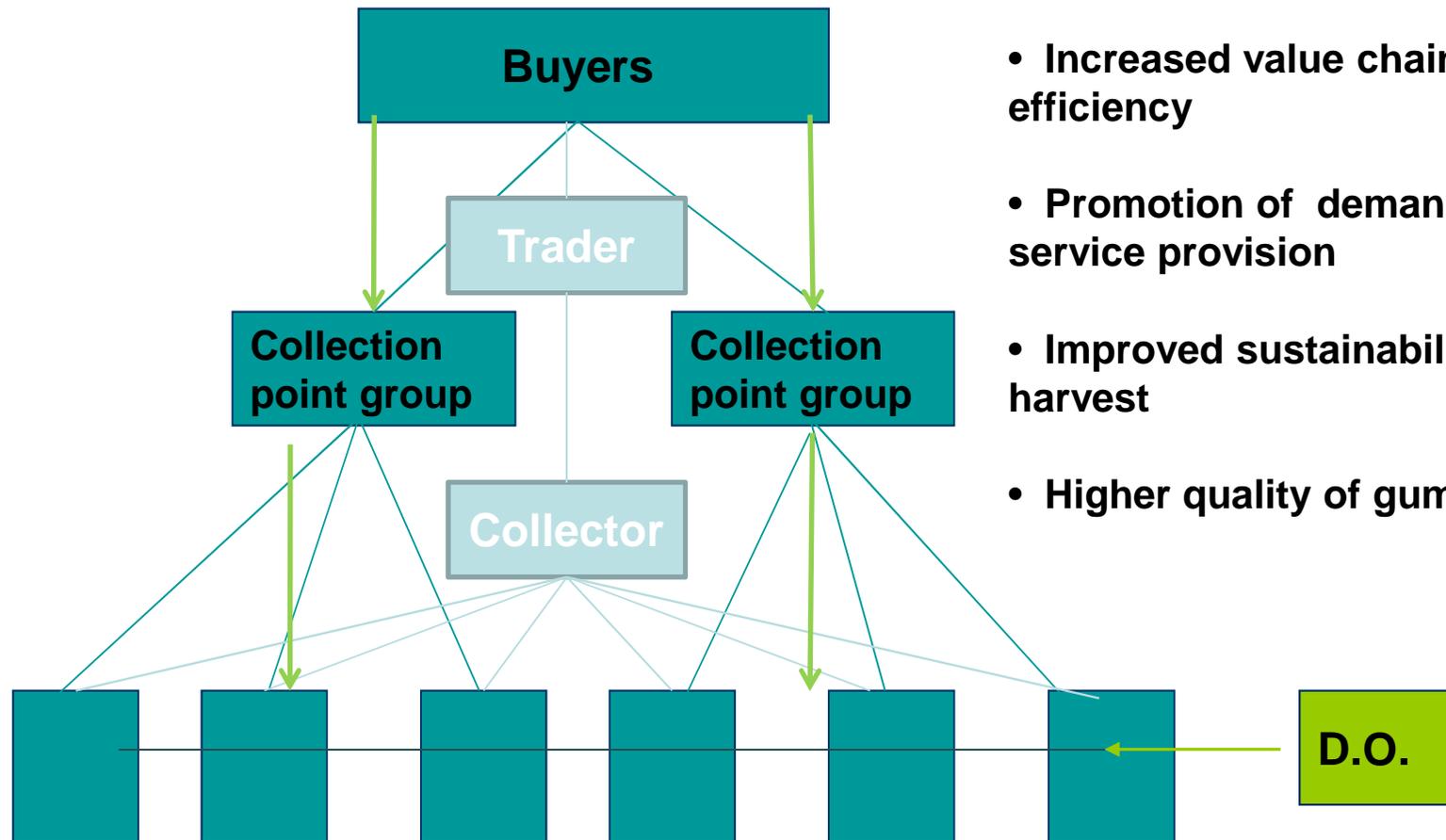
3. Low levels of service provision: Karaya gum



Constraints:

1. Stockpiling by traders pushing up price
2. Price ceiling for product in France
3. Increasing demand for quality by importers
4. Increasing demand for volume
5. Producer indebtedness by collectors

3. The mechanics of temporary subsidization: Karaya gum



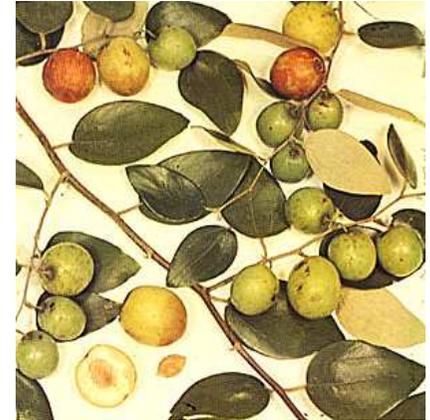
- Increased value chain efficiency
- Promotion of demanded BDS service provision
- Improved sustainability of harvest
- Higher quality of gum

4. Producer focus

Without an emphasis on increasing **local** revenues there will be:

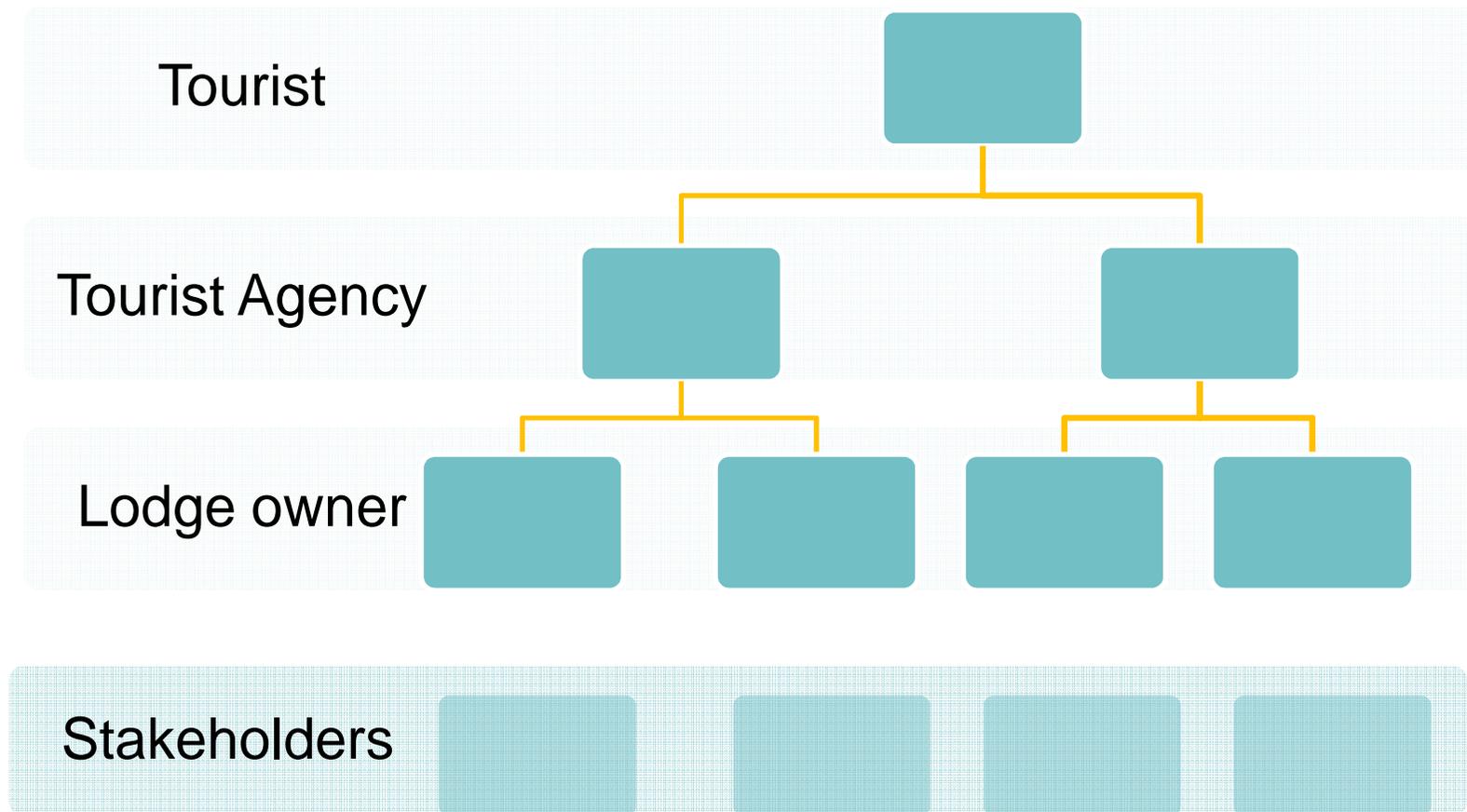
1. No incentive for better management
2. No development of local taxes used to finance decentralized NRM structures

Increasing producer revenues is key because they are the **primary natural resource stakeholders.**



4. Producer focus: stakeholders

Hunting Scenario



5. All or nothing holism: Wealth + Power



**Ownership without Value =
deforestation**

Under-valuation is dangerous and
can favor permanent clearing



**Value without ownership =
abusive harvesting techniques**

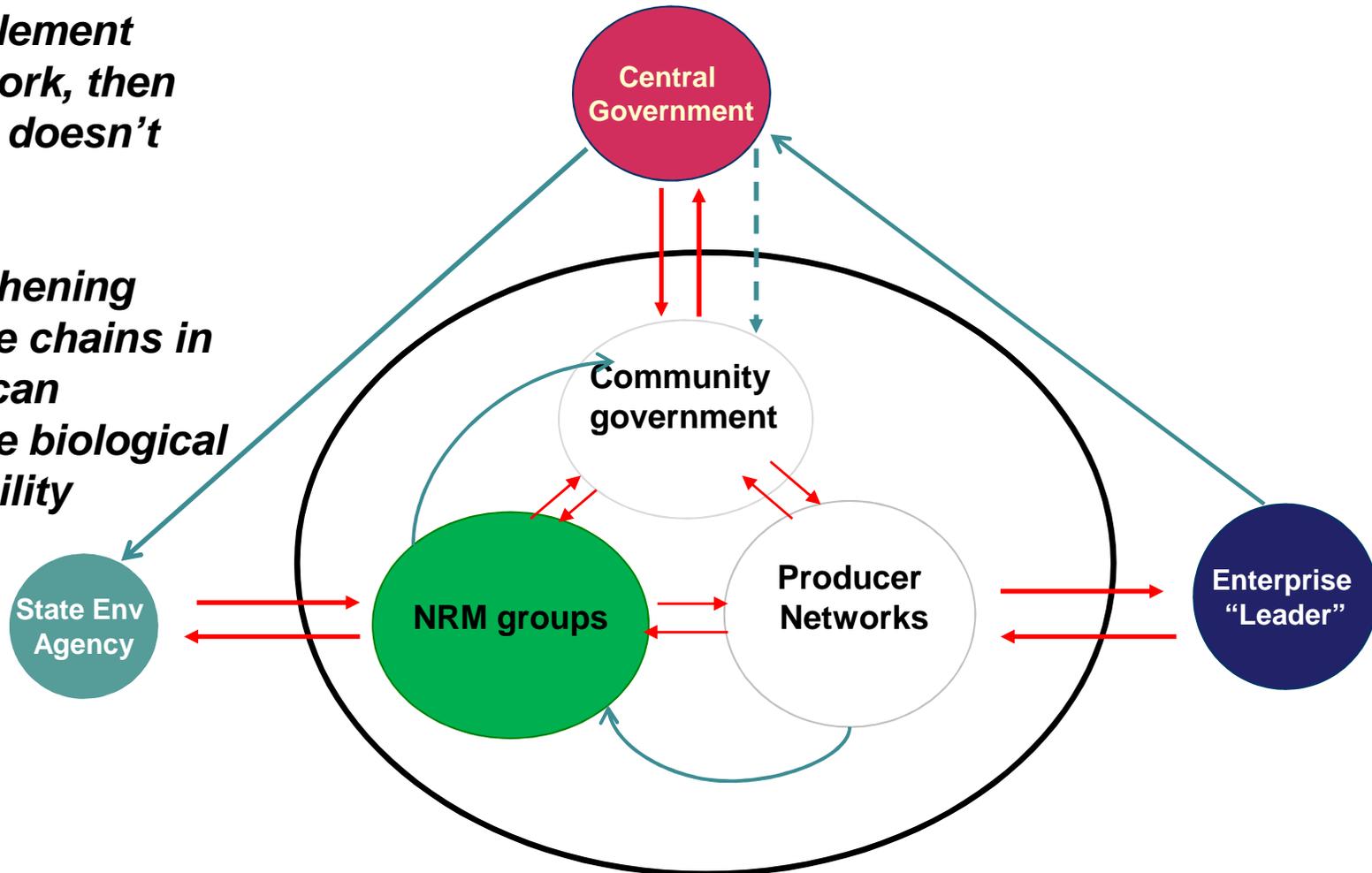
Commercialization of natural
resource products can lead to
negative environmental
externalities

5. All or nothing holism: end result

Reminder

1. If one element doesn't work, then the whole doesn't work

2. Strengthening NRM value chains in isolation can undermine biological sustainability



Comparison of approaches: apples and oranges?

VC projects

1. Has greater choice of value chains
2. Tends to work with formal value chains
3. Works in most areas of the VC, with most actors
4. Tends to avoid subsidization
5. Works with all actors, often favoring downstream over upstream
6. Focuses on internal efficiencies

NWP projects

1. Has less choice of value chains
2. Often works with more informal value chains
3. Works in less areas of VC, with fewer actors
4. Can require temporary subsidization
5. Often favors upstream NRM stakeholders
6. Considers externalities

Summation

- Ensure that theory doesn't dictate practice, but guides it
- Environmental Value Chains require an integrated approach
 - Interaction with other components (despite sequencing and need for results)
 - The need to lead to improved conservation or management practices
- The need for collaboration between Environmental and VC communities



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THANK YOU!

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