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AMENDMENT PROPOSAL TO APPROVED PROJECT

PD 15/96 REV.2 (M,I)

**UTILIZATION, COLLECTION AND TRADE OF TROPICAL
NON-WOOD FOREST PRODUCTS IN THE PHILIPPINES**

SUBMITTED

BY

**FOREST PRODUCTS RESEARCH AND DEVELOPMENT INSTITUTE
(FPRDI)**

Proposed Supplement to ITTO Project Number PD 15/96 Rev.2 (M,I)
"A Case Study Approach to Developing Markets for Non-Wood Forest Products"

Project Summary

One way to more fully utilize the tropical forest resource, and an important component of sustainability, is the development of markets for non-traditional forest products (NWFP's). Non-traditional forest products (e.g., gums, resins, medicinal extractives) are typically produced by rural groups for whom these products can provide substantial economic benefits. NWFP's also provide an opportunity to generate income and employment opportunities on forest lands that are protected from timber harvest (i.e. watersheds) or are uneconomic to harvest (inaccessible, poorly stocked forests).

However, given the unique characteristics of this category of products, the marketing of NWFP's possesses its own set of unique problems. The primary challenge associated with marketing NWFP's is identifying and developing markets suited to the unique characteristics of these small-scale industries. In most cases, the volume of products harvested is quite limited and well below the volumes required by even small companies located in developed countries. A second challenge relates to the acquisition and analysis of market information for NWFP's. Accurate and timely market information, particularly with respect to prices, is critical in providing rural communities with adequate bargaining power.

While the current project (PD 15/96 Rev.2) focuses on gathering and analyzing important market information, it overlooks the fact that the marketing of NWFP's is much more complex than with other types of products. For example, each NWFP is marketed into specific niche markets for which the pricing structure, distribution channels, and promotion activities are unique and different. As a result, it is neither appropriate nor effective to develop a generic strategy for the marketing of all NWFP's. Rather, it would be more effective to develop individual case studies based on domestic and international market factors. The case study approach allows the market analyst to develop an in-depth understanding of each NWFP and its unique marketing factors while providing flexibility in the development of effective marketing strategies. Case studies also allow the marketer to identify methods for establishing the flow of market information back to the rural farmers in order to maximize their economic benefits.

In the proposed project supplement, case studies will be developed for a variety of NWFP's as determined by the project leader in consultation with the study leaders and the consultant. A review of the literature will be conducted for each of the selected NWFP's prior to the arrival of the marketing consultant. Exploratory interviews will be conducted in order to develop a thorough understanding of the issues and problems confronting the development and marketing of each NWFP. Field interviews will be performed when necessary to obtain primary data related to the collection and processing of the product, pricing activities, distribution channels, and acquisition of market information. The field interviews will allow for the identification of problems

related to marketing activities as well as issues which impact competitiveness and profitability at the rural level.

The results of the case studies will provide the researchers at FPRDI with the information necessary to develop effective market development programs at the rural level. The results will be presented to policy makers and development groups in a workshop to facilitate a better understanding of the unique issues affecting the marketing of NWFP's. Finally, a case study workshop will be conducted to provide training on the development, analysis, and interpretation of case studies to facilitate their future use.

Supplemental Budget for Case Study Component

	Year 1 (\$US)
Project Personnel	
Study Leader	\$ 6,000
International Marketing Consultant	\$10,000
	Sub-Total
	<u>\$16,000</u>
International Travel	
International Marketing Consultant	\$ 3,500
Duty Travel	
Daily Subsistence Allowance (Study Leader)	\$ 4,000
Daily Subsistence Allowance (Consultant)	\$ 2,500
Domestic Costs/Vehicles, Airfares	\$ 3,500
	Sub-Total
	<u>\$10,000</u>
Miscellaneous	
Sundry	\$ 1,800
Training Workshops	\$ 5,000
	Sub-Total
	<u>\$ 6,800</u>
Total Supplemental Budget Request	<u>\$36,300</u>

Terms of Reference for the International Marketing Consultant

The international marketing consultant should have a doctorate degree in forest products marketing, should have at least two years experience working in tropical countries, and should have experience in developing case studies in the marketing of non-wood forest products in the Philippines.

The terms of reference for the consultant in the marketing component of the Project on the Utilization, Collection, and Trade of Tropical Non-Wood Forest Products in the Philippines will be as follows:

- ① Conduct a literature review on the marketing of non-wood forest products, including case studies, to support the literature review conducted by FPRDI researchers,
- ② Prepare marketing case studies of non-wood forest products,
- ③ Prepare and recommend appropriate marketing strategies for non-wood forest products,
- ④ Prepare and recommend appropriate strategies for providing economic benefits to rural forest dwellers,
- ⑤ Prepare an appropriate method or model for the appraisal and evaluation of the effectiveness of market promotion activities for non-wood forest products, and
- ⑥ Conduct a training workshop in the preparation and analysis of case studies.