

# FARM Africa and SOS Sahel International/ UK Participatory Forest Management Programme (PFMP)



## COMMERCIALIZATION OF SPICES IN BONGA (PROJECT PROFILE)

The Goal of PFMP is to ensure environmental sustainability through Community based natural resource management systems



**A PRIVATE RURAL DEVELOPMENT & AGRICULTURAL EXTENSION AGENCY**  
**A Public-Private-Rural Community partnership**

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# COMMECIALIZING NTFPs OF BONGA FOREST: SPICES OF BONGA

## INTRODUCTION

Located in the Kaffa Zone of SNPPR, the Bonga Forest is noted for its spices with destination to Jimma and Addis Ababa markets. Nearly all the spice products are grown wild coming from the natural forest. Their existence and level of production is highly dependant on the state of the natural forest areas such as the Bonga forest site. Without the forests and the ecological conditions they create, these products will not exist. To produce these spices for increased trade, the crops have to be domesticated and given similar or equivalent environment by re-creating forest like conditions. Some effort is now being initiated to produce spices as semi-wild, albeit with difficulty.

The leading spices that have great potential for growth are:

- Cardamom (*Aframomum korarima*)
- Long Pepper - Timiz (*Piper longum*)



**Picture 1: Naturally grown Cardamum in Bonga forest**

## Project Rationale

While *Korarima* and *Timiz* are the two most popular spices of Bonga highly demanded by traders and consumers, both the quantity and quality of production are still poor. The production and harvesting techniques as well as the farm management skills for these high value products are too rudimentary that there is a big room to improve productivity and quality of these highly tradable spices. Due to lack of R&D services and inadequate marketing outlets, farmers do not have the technical capability and incentives to put more effort on these crops. In addition to shortcomings in production, Bonga farmers are wasting a great deal of the spices, most importantly on quality, during drying, storing and handling. The low quality not only hurts Bonga communities of very low prices, but also deprives them from international trade. The international market is so strong for spices (particularly for Cardamom) that a more concerted R&D and marketing effort should be put to benefit from the comparative advantage of Bonga's spice production potential. Major efforts needed to advance the commercialization of Bonga spices into a vibrant international trade include:

- Better cropping techniques using improved varieties/grade of international quality
- Better and timely gathering techniques to keep the quality intact
- Better drying and curing techniques, preferably using heat blower
- Improved post-harvest technologies including storage, conservation, processing, packaging and marketing
- Improved propagation techniques, nursery development and planting methods
- An effective private-public-community partnership committing resources to jump start the effort



**Picture 2: Naturally grown Timiz in Bonga forest**

**Table 1. NTFPs supplied to Addis Ababa market from Bonga**

<b>Product/yr.</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>
<b>Ethiopian Cal.</b>					
Spices, tons	1,298	653.2	123.1	159.2	214.3
Coffee, tons	132.3	537.6	552.8	316.5	475.5
Honey/beeswax,	9.7	7.1	3.8	16	36.6

Source: Taye Bekele, 2003.

## **Project Objectives**

The overall objective of the project is to improve the livelihoods of the targeted population through improved income and employment generated from increased production and marketing of quality spices.

**Specific objectives of the project are:**

- Increase productivity of improved varieties of spices
- Increase volume of trade going to both domestic and international markets
- Improve livelihoods through increased income, food security and employment

**SPECIFIC ACTIVITIES****Identify, test and diffuse improved variety of Cardamom suitable for international market**

The present drive by FARM Africa to include On-farm trials to be run by farmers with technical support from the research organs is in the right direction. But of particular interest is the new NTFP-Research and Development Project under EU funding based in Mizan Teferi. This has a direct application to the livelihoods of farmers in the Bonga Forest. By forming an alliance and collaborative program with this NTFP R&D Project and Jimma University, FARM Africa would be able to select and diffuse improved varieties of Cardamom and other spices that have international market. In addition, the collaborative effort would introduce improved production techniques and better husbandry of the crops resulting in increased capacity of farmers, associations and local institutions. Specific tasks for this activity include:

- Germplasm selection and adaptation of improved varieties
- Seed supply and Nursery development
- Skills/training to improve capacity of beneficiaries and enable PFM communities and private sector in spice business enterprise

**Organize farmers and Bonga entrepreneurs to be engaged in better production, processing and marketing of spices**

The total lack of appropriate drying, processing, storage and transport facilities in the spice trade is central to the deterioration of product quality and loss of lucrative international trade. If product quality is improved and grading is applied to these wild and organic spices, it is highly probable that Bonga will get Forest Certification for these products increasing their due worth in the international market and hence high prices. The positive trend in the forest coffee from Bonga is a good indicator in terms of certification as the external buyer is aware of potential and the taste of Bonga. From the coffee experience, farmers and rural entrepreneurs would be served well if they are grouped and organized as an association or cooperatives.

### **Put in place processing and marketing facilities to be used as demonstration and training modules**

The export of spices (Cardamom and Long pepper) has been declining while that of forest coffee and honey have been improving (Table 1). The local people have no knowledge of proper processing and marketing facilities to enable them to deliver the spices in good quality and packaging, hence attracting competing buyers and higher prices. Much of the crop damage happens at the first site of collection and bulking. These traders or agents have little capital of their own to build processing facilities and storage. Once these entrepreneurs see the importance of the facilities, they can make the necessary arrangements and make deals with banks to get the necessary capital. Working with the Bonga school of Technical and Skills Development, FARM Africa can coordinate assembling of appropriate tools and facilities, and expertise in the town of Bonga to be used as a practical training and skills development center and demonstration and display facility.

### **Develop a micro-finance facility to support new spice initiatives**

Some of the present traders of spice crops in Wushwush and Bonga towns are making plans to invest in construction of drying and storage facilities. But they are seriously constrained by lack of capital and land to build such facilities. These few private traders are aware of the micro finance facilities including the Omo Micro Finance. They are, however, quick to point out the loan of ETB 1,500 is just too small to bother with. What these entrepreneurs need is adequate capital to enable them of installing a decent processing and storage facility including packing and handling materials. The OMO Micro Finance has indicated that they can increase the amount of loan provided there is an institution (such as FARM Africa) to sponsor and guarantee the loans. FARM Africa can also initiate a rural micro finance project to directly deal with the products of Bonga.

### **Conduct market research and develop market information center to monitor both domestic and international trade**

Although the domestic market for spices is growing, the volume of trade is still very small caused by scattered markets, uninformed customers, volatile prices, inadequate and non-sustainable network of distributors and wholesalers, transportation and packaging problems. As the domestic market is bad, the spice market of Bonga products in international market is worse. In addition to low quality, market information for these products is almost non-existent. The Bonga community will be well served if such activities such as market research, market information and networks of spice traders and producers are established both in Bonga and Addis.

## **Conduct periodic skills development and practical training workshops**

Considering the importance of spices to the Bonga economy, FARM Africa should bring institutions and the private sector (engaged in spice research and development) to provide on-going skills development workshops and on-the-job training.

## **IMPLEMENTATION STRATEGY**

### **1. Forest Users' Associations and Spice Producers' Co-ops**

Spices and Herbs can be made to grow as an important economic activity in the Zone - especially in the Bonga Forest Site and the 5 *woredas* adjoining it. FARM Africa with its partners has been helping establish Forest Conservation and Development Co-operatives. Those up and running include: (a) The Agama FCDA, (b) The Beka FCDA and (c) The Wacha FCDC. These Co-ops have 1,642.7 ha of forest area now under their management and ownership (permanent user right). Those under formation include: Obera, Dara and Matapa. As is the case with the Wacha Co-op, each Co-op will protect the forest and its valuable biodiversity while developing the role of spices and other NTFPs. The Wacha Co-op for instance includes the development of the following spice crops; long pepper, Zingibil (new), Erd (new), Kororima and Hel (new). The necessary support services including the provision of seed and seedling (through their own group nursery) are already in place. They will be conducting on-farm trials of these spice crops with technical assistance from the Project (FARM Africa) and the Woreda Agricultural Development Office.

It is envisioned that each Co-op can be seen as one big farmer where production, harvesting, product processing and trade will be done by the Co-op. Protecting the natural forest habitat, replanting gap areas and tending the economic plants such as spices is relatively easy for the members. But post harvest issues such as: drying, storing and establish quality standards will be difficult. Farm Africa and other partners must bring into the Co-op movement central facilities of product handling and enforcing standards through training. Construction of drying sheds and the availability of suitable containers/bags need to be made available, first on credit. A similar construction like the one the Co-op has built for office and assembly hall is needed for produce handling before shipment out of the area and the Region. Products by grade should carry the label of the respective Co-op.

## 2. Bonga Spice Traders Cooperatives

It may not be wise to ignore the present Traders in NTFPs such as those handling Long Pepper and Cardamom at present. They deal with other products as well including honey. There is therefore a need to put them under some sort of umbrella organization to effectively provide them with supporting services, including training and access to credit and market services. At present, they are responsible for the poor quality of product entering and reaching the distant markets, i.e. Addis Ababa and possible export out of the country.. The Bonga Rural Development Co-op. Desk and the Investment Office should be encouraged to play key roles in

furthering such efforts into a board-based income generating and employment creation enterprises. in this rather than being pictured as tax collectors for the government. These institutional improvements will also greatly aid statistical data availability and use for further planning and market development.

The government (municipalities and PA offices) must see the need and justification to have land available for the construction of drying, value-added processing, grading and packing, and storage facilities. The ultimate goal is to ensure quality and natural products carrying the label, "***Produce of Bonga***" and further using the Organic Brand as well as the **Wild Forest Certificate**.

## 3. Linking the Producers to the Market and Value Adding

Some of the present traders of spice crops in Wushwush and Bonga towns making plans to invest in drying, processing and storage facilities. While these entrepreneurs need to be supported in accessing them to capital, the real and lasting solution is to link farmers with the market. Farmers need to be involved in the transport, processing and sale of these products. As it is, they do not even know what is done with the products they bring and hand over to middlemen at throw-away prices. Producers (gathering from the wild in the forest) are at the mercy of these few traders getting very little. The bulk of the money goes to these few middlemen. The proposed and planned implementation plan sets out how farmers can be empowered, now that they are being organized into PFM Associations (Forest Conservation and Development Co-operatives) or Edir societies. Certainly, this mode of organizing producers by interest group, greatly facilitates technical assistance, be it new varieties or selections from the wild, new production techniques, and improved product handling and packaging as has been the case elsewhere, such as in Kenya.

#### **4. Support Institutions and Facilities**

It is almost fair to say that there are no institutional support facilities, other than what FARM Africa and its development partners are providing. The Omo Micro Finance is a good start but its financial base and the enterprise areas it covers are quite limited at present. The Investment Office is at present a one-man office with virtually no budget and material to enable the Officer carry out his official duties. Investors in the area now numbering about 40 have difficulty getting adequate help as related to policy issues and the over all development planning. Conflict resolution is at present a big need between the big investors in tree crops and spices and the community at large who feel dispossessed of their livelihood, the forest and its NTFPs. The government gives land (usually large tracts) on the basis of the maps showing it as government (forest land) as if there are no inhabitants on the ground. Such acts are now producing a large army of company workers (up to 3000) and companies are having difficulty providing food at cost. Wushwush Tea Plantation and the new Green Coffee Plantation and Agro-industry PLC are good examples. Wushwush maintains a 250 ha maize production farm in Gimbo woreda (Yabekecha), solely to provide maize to its working force in Wushwush Tea Plantation and Factories.

#### **5. Strengthen Research Support and Related Services**

Research in general and on NTFPs in particular such as spices and herbs is weak both at the Federal and Regional level. Jimma Agricultural Research Center, the Jimma Agricultural College of Jimma University have some research underway in spice crops meant to serve the Kafa Zone and the southwestern Region as a whole. If there are research results, they are not being translated into investment programs. Some preliminary results including some planting stocks have been supplied to some *woredas* such as Gimbo who used such materials to establish as demonstration and multiplication purposes. Some investors have also received some technical advice from these research organizations recently. But all of this is not enough to change and improve the status of NTFPs such as spice growing in the Region.

The present drive by FARM Africa to include On-farm trials to be run by farmers with technical support from the research organs is in the right direction. But of particular interest is the new NTFP-Research and Development Project under EU funding based in Mizan Teferi. This has a direct application to the work in the Bonga Forest area farmers. FARM Africa should form an alliance with this R&D Project as the central objectives of the Project is (a) to increase local institutional capacities and (b) sustainable utilization and trading of NTFPs through sustainable management of forest and land resources for the benefit of local communities.

## **EXPECTED OUTPUTS**

- Improved varieties of spices more appealing to international markets
- Organized and trained farmer groups producing increased quantity and better quality of spices
- Better harvesting and post harvest techniques introduced
- Loans provided to farmer groups and entrepreneurs to facilitate better farm management and marketing of spices
- Volume and value of spice trade increased significantly
- Bonga economy growing as a result of the growing spice production and trade
- Household security and improved livelihoods assured

## **PROJECT SITE**

- Bonga town, and specific PFM field sites that represent ecological ranges of the species
- Jimma and Tepi research station sites
- Addis market research and market information center

## **BENEFICIARIES**

- PFM groups (sale of products, food security through enhanced income)
- Local communities
- Private sectors (investment opportunities)
- Local government (enhanced revenues)

## **IMPLEMEENTING PARTNERS**

- FARM Africa
- SuPAK
- IBCR
- EARO
- Jimma Agricultural Research Center
- Agriculture & Natural resources Office (Region, Zone, Woreda)
- Jimma University (College of Agriculture)
- PFM Coops.
- Private sectors

## **DURATION**

- Phase I (1-3 years)
- Planning and Project development
- Initiate field implementation (R & D sites) and Pilot work
- Phase II (3-6 years)
- Project Implementation

## **INDICATIVE BUDGET** (Birr 3, 000, 000)

Phase I	Birr 1 million
Phase II	Birr 2, million

**Source of funding:** EU, SuPAK (Netherlands Govt.) World Bank, GEF, DFID and any other donors

