

## CASE STUDY 3

### AMLA – BUILDING VALUE IN BHUTAN

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<b>Country: Bhutan</b>
<b>Sector: Forest Products</b>

#### CHALLENGE

Mongar is the third poorest district in Bhutan with 44.4% of the population living under the national poverty line of Nu 1096.94 per person per month - about twice the national average of 23.2% (RGoB, 2007).

SNV, in collaboration with clients and stakeholders, selected Amla during a value chain selection workshop held in May 2008 with the aim to provide income generation opportunities for the poor in this district.

Amla (*Phyllanthus emblica*) belongs to the family of Euphorbiaceae and is a small to medium sized deciduous tree, sometimes up to 25 m tall but usually much shorter, up to 7.5 m. Fruits are pale green which change to yellow when mature and up to 4 cm in diameter. In Bhutan fruits ripen from November to February. The dried Amla fruits are used for: 1) An ingredient in traditional medicines; 2) *Mendrup*<sup>1</sup>; 3) Herbal tea formulations; 4) incense production; and 5) As an offering in religious ceremonies

With Amla widely available in the district and a national demand from the Institute of Traditional Medicine Services (ITMS), Bio-Bhutan (a private company) and Incense units, it was selected as having the potential to aid in poverty reduction. However, prior to 2009 Amla was not marketed and the value chain had to be built from the ground up, including group formation and management planning, sustainable harvesting, pre-processing (drying), and marketing.

Another challenge was the lack of a supporting policy environment for the collection and management of NTFPs.

A marketing study commissioned by SNV in December 2008 showed the need to substitute imports of Amla from India by Amla sourced from Bhutan.

#### CLIENTS

There are a number of clients with whom SNV worked to develop the Amla value chain, including:

- Social Forestry Division (SFD) under the Department of Forests and Park Services to develop a framework for the management and collection of NTFPs.
- District Forest Services (DFS) to build their capacity in group NTFP formation and management planning according to the developed framework.
- Regional Agriculture Marketing Services and Co-operatives (RAMCO), based in Mongar to build their capacities in facilitating the processing and marketing of Amla.
- ITMS as LCB to support communities in processing (drying) Amla according to quality standards
- Bio-Bhutan as LCB to support the communities in processing and product development when Amla is included in the ingredients

As the development of Amla value chains is new to Bhutan, all clients needed to be supported and their capacities strengthened in different aspects of the value chain depending on their roles and mandates.

#### METHOD / SNV INTERVENTION

SNV started the development of the Amla value chain by assessing the interest of local communities in the collection and marketing of Amla and the potential supply in collaboration with the DFS and RAMCO. Several communities expressed their interest and supply potential was estimated at 7,500kg of fresh Amla (about 1,500 kg of dried Amla). Based on the interest and resource availability, samples of dried Amla were developed to assess the interest of potential buyers by April 2009 - the end of the Amla season.

<sup>1</sup> An elaborate ritual practice lasting several days during which large quantities of amrita—sacred spiritual medicine—are fermented and eaten for medical healing and spiritual attainments

Together with RAMCO, SNV sent out samples to potential buyers, including to ITMS, Bio-Bhutan, Incense Units and others. The response was very positive as the quality of Bhutanese Amla was considered outstanding: reddish in colour, whole parts and no foreign elements and of much better quality than the Amla sourced from India. Based on the positive response, SNV and RAMCO organised a buyer-seller meeting in October 2009 in which ITMS, Bio-Bhutan and several Incense Units participated as potential buyers and Community groups as potential sellers. During the meeting it was decided that the price of good quality Amla would be Nu 108 (which is about three times the market price in India). This good quality Amla would have to be dry and clean, reddish brown in colour and uniform in size, and packaged in 10 kg airtight plastic packets and put in jute sacks for protection. Amla that could not meet these quality criteria could be sold for Nu 90 to Incense Units. The expressed demand for Amla was 1,610kg of dried Amla in total.

In the meantime SNV also worked with SFD on the development of an interim framework for NTFP collection and management. This framework, endorsed in March 2009 by the Department of Forests and Park Services (DoFPS), provided a much needed legal framework for the collection of NTFPs for commercial purposes. Based on the framework the DFS was trained and NTFP groups were formed for the collection of Amla while the Community Forest management plans were adapted to include sustainable harvesting and management of Amla with support from SNV.

During the Amla season of 2009/2010, training in Amla processing was provided by ITMS to 134 households in four community groups. The groups collected a total of 6,426kg of fresh Amla which was processed into 1,071kg of dried Amla of which 996kg were sold to ITMS and 75kg to Bio-Bhutan.

As 2009/2010 was the first season of Amla processing and marketing, a number of lessons were learnt to make the value chain more effective and efficient during the 2010/2011 season. This season, the community groups used a table for deseeding and shredding of Amla to reduce time and waste during processing, and a training manual for processing Amla was developed as reference material.

Based on the success of the 2009/2010 season more communities expressed their interest in collecting and marketing Amla and concurrently, demand for Amla increased substantially. The expressed market demand for 2010/2011 is 2,310kg of dried Amla, while an additional six community groups have been formed and 166 households were trained in Amla processing in December 2010.

To strengthen the Amla value chain further, SNV works with Bio-Bhutan in developing products of which Amla is an ingredient. Bio-Bhutan introduced a herbal tea (*Piper mullisua*, 'Amla' or *Phyllanthus emblica*) and 'ruta' (*Saussurea lappa*) to the market last year and is now working on the development of Trifala, Amla sweets and Amla juice with Amla sourced directly from the community groups and therefore contributing to poverty reduction.

## OUTCOME

Capacities of the client have been strengthened by SNV through specific and on the job training. Supported by SNV, ITMS and Bio-Bhutan provided training to communities on Amla processing, ensuring that the communities produced the required quality standards. After the training provided by ITMS, selected NTFP group representatives successfully provided training in Amla processing to other communities.

Furthermore, SNV provided training to roll out the interim framework on NTFPs that provides a legal framework for commercialization of NTFPs gathered from the wild. In collaboration with SFD, SNV organised five roll-out training programmes in the country to familiarise foresters at the district and field level with the framework. After the roll-out training, on the job training was provided to forest extension officers to form NTFP groups and to develop simple NTFP management plans. At present, extension officers are now capable and have supported the formation of groups and development of NTFP plans with minimal backstopping support from SNV.

SNV worked directly with RAMCO, who is now playing a co-ordinating role and facilitates the development of Amla value chains.

## IMPACT

The winter of 2009/10 was the first season in which farmers of Dozam, Bagin, Kalapang and Pam community groups engaged in Amla commercialisation. Over the course of the 2009/10 season farmers earned in total Nu 104,515 and invested a total of 585 labour days. On average, this means an additional income for 134 households of Nu 780 (or 17 USD) per household for 4.4 days work. Although this amount is not substantial, it is a welcome cash income during the off-agricultural season for farmers living in remote areas when school fees have to be paid.

This impact was made possible mainly because of: 1) The approved framework for NTFP collection which gives the legal back-up for commercialisation of NTFPs gathered from the wild; 2) The close and direct relations between buyers (Bio-Bhutan and ITMS) and sellers (Community Groups) coordinated by RAMCO and facilitated by SNV.

## LESSONS LEARNED

Some major lessons learned from this case study include:

Developing a framework that describes the conditions and procedures for the collection, management and marketing of NTFPs; including the roles and responsibilities of the relevant stakeholders alone is not enough. Once approved, it is necessary to raise awareness about the framework and build capacity of stakeholders to implement the framework.

The organisation of buyer and seller meetings in which both buyers and sellers can agree upon price, quantities, quality requirements and modalities prior to the collection of the products is essential to create transparency and clear understanding between the two parties. Furthermore such meetings are essential to provide clarity on the facilitating role that supporting organisations such as RAMCO, District Forestry Services, and SNV will play.

Using the expertise of buyers (ITMS and Bio-Bhutan) in providing training to the NTFP groups in processing Amla helps to build good relations between the buyer and seller as well as to ensure that the product will meet quality requirements.

## TESTIMONIALS

"Although the income from Amla is not that much, villagers do not have other cash income activities apart from some mandarins. So they are very happy with the opportunity during the agricultural off-season. The income from amla is used to buy basic essentials such as cooking oil and dried chillis." Lekey Chaida, Forest Extension Officer of Gongdue Geog, about people from Pam village. Pam village is located two days walk from the nearest motorable road."

## STANDARD DATA

Amla value chain development assignment: 2008-2010

Team: Chheki Wangchuk- lead advisor- Amla value chain  
Tshering Phuntsho- NTFP group formation and management planning  
Marianne Meijboom- sector leader providing technical backstopping support

LCBs: ITMS- training on processing  
Bio-Bhutan training on processing and product development

Consultant: Phurba Thinley- Amla market study

PP days invested: staff: 154 days (2010), 63 days (2009),

LCBs: 70 days (2010)

External consultant: 44 days (2008)

Financial resources invested (Euro): 5,624.68 (2010), 251.52 (2009), 11,024.76 (2009)