FACILITATING INCLUSIVE AND SUSTAINABLE MARKET SYSTEMS IN THE MEDICINAL PLANTS VALUE CHAIN IN BANGLADESH

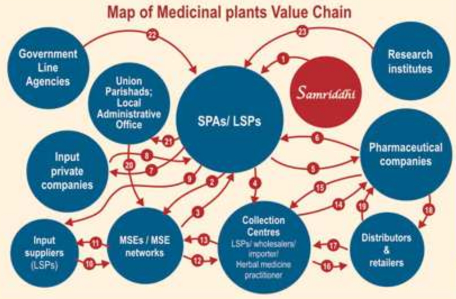
experiences from Samriddhi project

HELVETAS Swiss Intercooperation Bangladesh

Objectives and planned outcomes

- Facilitating inclusive & sustainable systems through increasing the competitiveness of medicinal plants value chain
- Enabling poor & extreme poor producers to have access to affordable & quality rural private service provision system
- Enhancing production & productivity of producers in medicinal plants
- Increasing employment & income of market actors & in particular more than 60,000 mainly poor & extreme poor producers
- Facilitating scaling up of impacts through horizontal & vertical expansion of existing & new species

Map of Medicinal plants Value Chain



Relationships between actors in the Medicinal Plants market system

No	Stakeholder	Function/role
1	Samriddhi → SPAs/LSPs	Facilitation of capacity building & linkages with private sector enterprises & public sector agencies; coaching
2	SPAs/LSPs → MSEs/MSE networks	Providing holistic services; facilitation of access to public land
3	MSEs/MSE networks → SPAs/LSPs	Payment for holistic (technical, business & financial) services
4	SPAs/LSPs → Collection centres	Establishing & managing collection centres
5	SPAs/LSPs → Pharmaceutical companies	Collection & supply of medicinal herbs; management of collection centres
6	Pharmaceutical companies → SPAs/LSPs	Payment for medicinal herbs; training on production & management of medicinal plants
7	SPAs/LSPs → Input private companies	Buying inputs; work as commission agents; linkages with producers
8	Input private companies → SPAs/LSPs	Establishing contract for selling inputs (e.g., organic fertilizer)
9	SPAs → Input suppliers (LSPs)	Providing technical support; establishing demonstration plots
10	Input suppliers (LSPs) → MSEs/MSE networks	Providing inputs (seeds, seedlings, organic fertilizer) with technical advice
11	MSEs/MSE networks → Input suppliers (LSPs)	Buying inputs
12	MSEs/MSE networks → Collection centres	Supplying of raw herbs through collection centres
13	Collection centres → MSEs/MSE networks	Collection & payment for herbs
14	Collection centres → Pharmaceutical companies	Buying herbs once every two weeks from collection centres
15	Pharmaceutical companies → Collection centres	Payment for raw herbs; establishment of collection centres; capacity building of LSPs/SPAs
16	Collection centres → Distributors & retailers	Supply of herbs
17	Distributors & retailers → Collection centres	Payment for herbs
18	Pharmaceutical companies → Distributors & retailers	Promotion & supply of finished products
19	Distributors & retailers → Pharmaceutical companies	Buying of finished herbal products
20	Union Parishads; Local Administrative Office → MSEs/MSE networks	Providing free-of-cost lease hold contracts to MSEs for cultivation of medicinal plants
21	SPAs → Union Parishad; Local Administrative Offic	Establishing linkages & contracts for accessing public land
22	Government Line Agencies → SPAs/LSPs	Providing technical support
23	Research institutes → SPAs/LSPs	Providing technical support with inputs

Results Chain of Medicinal Plants Value chain

Impact	Increased employment & income of producers in medicinal plants value chain			
Growth and access change	Increased medicinal plants production & productivity			
Market uptake	Producers start using & pay for improved production & management practices of medicinal plants through LSPs/SPAs; they buy quality seeds, seedlings & organic fertilizer, & use collection centres; they establish linkages with private sector enterprises (input & output); they identify, prioritise, & approach stakeholders & start establishing contract for accessing public land			
	Better functioning market system			
Market system change	System for local service provision for affordable, accessible & quality services in place through capable LSPs/SPAs; linkages with private sector enterprises & local service providers established for input/output markets & establishment of market infrastructure; functional linkages for improved access to public land established			
	Enhanced service capacity of LSPs/SPAs on production & management of medicinal plants	Increased involvement of private sector enterprises (input & output)	Improved access to market infrastructure (collection centers)	Enhanced capacity of LSPs/SPAs & producers' groups in negotiation & advocacy
Systemic interventions	Capacity building of LSPs/SPAs on production & management of medicinal plants	Engagement of private sector enterprises in input & output markets	Ensuring market infrastructure (collection centers)	Capacity building in negotiation & advocacy for access to public land

Context and significance

- An important source of income & employment for the poor & extreme poor
- Crucial foreign currency earning potential for the overall economy
- Domestic market size of 10 billion Taka which is 15% of the total market
- 650 medicinal plant species & 100 cultivable species
- More than 200 private companies & 17 pharmaceuticals companies involved

Main interventions and role of Samriddhi

- Capacity building of LSPs & SPAs on technical & business skills of medicinal plants production & management through private sector enterprises & public sector agencies
- Engagement of private sector enterprises for quality inputs & access to high value output markets
- Ensuring market infrastructure through private sector enterprises, & producers' groups & their networks
- Capacity building of service providers & producers' groups in leadership, negotiation & advocacy for access to public land

Involved stakeholders

- Producers' groups or Micro & Small Enterprises (MSE) & their networks
- Output market actors (collectors; wholesalers; pharmaceuticals companies; distributors; retailers; herbal medicine practitioners)
- Input market actors (Local Service Providers – LSPs; input private companies)
- Technical supporting actors (Department of Agricultural Extension - DAE; Bangladesh Forest Research Institute - BFRI; LSPs; Service Providers' Associations - SPAs)
- Enabling environment players (Union Parishad – UP; Water Development Board Authority – WDBA; Deputy Commissioner Office - DC Office)

Systemic Constraints

- Limited technical & business knowledge & skills of producers on medicinal plants production & management
- Lack of access to quality inputs
- Limited market infrastructure (mainly collection centres)
- Lack of access to public land (e.g., government owned or Kash land; roadside land)

Impacts and Scaling up potential

Production and Productivity

- Enhanced production (48 metric tons in 2010; 230 metric tons in 2012)
- Increased cultivable species from 1 (Basak) to 3 existing (Ashwaghnda, Kalomegh & Tulsi) & new species (Stevia, Brahmi & Pipul)
- Improved product quality from increased capacity & growing collection centres (2 in 2010; 39 in 2012)
- Expanding diversified herbal & finished products (7 in 2010 & 27 in 2012)

Outreach

- Growing outreach of producers: from 23,100 in 2010 (84% poor & extreme poor) to 60,000 in 2012 (85% poor & extreme poor)
- Geographical expansion of medicinal plants & more producers: from North-West & North-East to Eastern parts of Bangladesh

Employment and income

- More than 300 additional jobs created in 2010 which increased to more than 2,700 additional jobs in 2012
- Monthly income of producers increased from 245 Taka in 2010 to 1,000 Taka in 2012
- LSPs increased their monthly income from 500 Taka in 2010 to more than 6,000 Taka in 2012

Demonstrated dynamism of market system players

- Expanding producers' groups: from 27 in 2010 to 346 in 2012, & their networks from 1 in 2010 to 6 in 2012
- Increased number of capable LSPs: 65 in 2010 to 300 in 2012
- More involvement of professional SPAs in medicinal plants: 10 in 2010 to 30 in 2012
- Growing number of pharmaceuticals companies: 2 in 2010 to 4 in 2012

Organisational capacity for access to public land

- Functional linkages established with UP, BWDA & Deputy Commissioner Office
- About 60,000 producers increased their awareness & capacity
- Access to more than 500 kilo meters of public land

Areas of improvement

- Increasing shares & benefits of poor producers through ensuring partnerships on "equitable terms"
- Improving quality of products, including organic production by establishing transparent & feasible quality standards
- "Independence" of SPAs/LSPs from private sector companies
- Enhancing "softer" aspects of organisational capacity building, such as leadership & advocacy of producers & service providers for access to public land

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Samriddhi
enhancing rural prosperity through market development in Bangladesh

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