Market assessment: Non-Wood Forest Products in Kosovo

ProFound – Advisers In Development
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Agenda

PPSE: Market Assessment NWFPs in Kosovo

The European Market for NWFPs

NWFP sub-sector: Challenges and Opportunities
Introduction

PPSE Assessment: Non-Wood Forest Products in Kosovo

• Objectives:
  - Understanding NWFP sub-sectors dynamics in Kosovo
  - Identifying Challenges and Opportunities
  - Identifying Interventions: Employment creation, Income generation, Increased Competitiveness
  - Gender mainstreaming and Minority Integration

• Activities:
  - In-depth interviews with stakeholders and field visits
  - Collection of baseline data for sector SMEs
  - Analysis and validation of findings: Challenges and Opportunities
  - Recommendations and potential risks
NWFPs: European market
NWFPs: European market

INCENTIVES

* Naturalness
* Organic “by default”; no MRLs
* Part of biodiversity
* Social impact: collectors’ communities
* Original properties
* Certification and marketing (potential)

CHALLENGES

* Organizing value chain
* Trust-building with suppliers
* Attaining sufficient volumes
* Guaranteeing consistent quality
* Safeguarding traceability
* Meeting requirements
* Sustainability
* Certification and marketing
NWFPs: European market

Higher requirements, stricter controls

Safe products

Safe to process and use
Safety in terms of supply
Safe in terms of sustainability
Safe in terms of proof of efficacy
Safe in terms of transparency

• Documented accordingly
• Communication is key
Sustainability: Social, Ecological, Biodiversity

- Supported by certification schemes
- Motivations:
  o Ethical commitment
  o Marketing
  o Value addition
- European market - distinct geographical division:
  o Consumer awareness
  o Income levels
NWFPs in Kosovo

**PLANT (RESOURCE)**
- Unclear legal framework *
- Low level of education *
- Low value addition *
- Market demand > Local supply *

**PRODUCT**
- * Food safety risks, incl. traceability
- * Low value addition

**PEOPLE & POLITICS**
- Poor access to finance *
- Low capacity for service provision *
- Weak market linkages (KS) *
- Poor market information 

- Low capacity for service provision
Poor access to finance

→ Product flow → →

← ← Cash flow ←

Sources:
• Own investment: High cash flow needed for collection season
• Grants: Dependency risk; allied with robust business planning
• Banks: High interests, risk-prone “Lending is like an earthquake”
NWFPs in Kosovo

Weak linkages to domestic market

- Visibility!
- Low awareness for NWFPs in Kosovar market
- Imported raw material
- North Kosovo: Serbian market
- Contract and payment terms: Domestic retailers
- Education of industry and consumers
- Marketing and branding opportunities
NWFPs in Kosovo

Low value addition

- Narrow product portfolio
- Short value chain, no further processing
- (Relatively) Thin margins
- Limited certification
- Current possibilities for value chain extension
- Examples of other countries... Learning and Applying...

Value addition

Raw materials

Processed ingredients or Final products

Quality, documentation & certification
NWFPs: Competing industries

Macedonia

Bulgaria

Slovenia
NWFPs: Supply chain profile

New **responsibilities** for resource **owners** AND **users**!

- Sustainable use to ensure **availability** of species
- Economic **viability** and **profit**
- Positive **social impact**
- Increased **competitiveness**