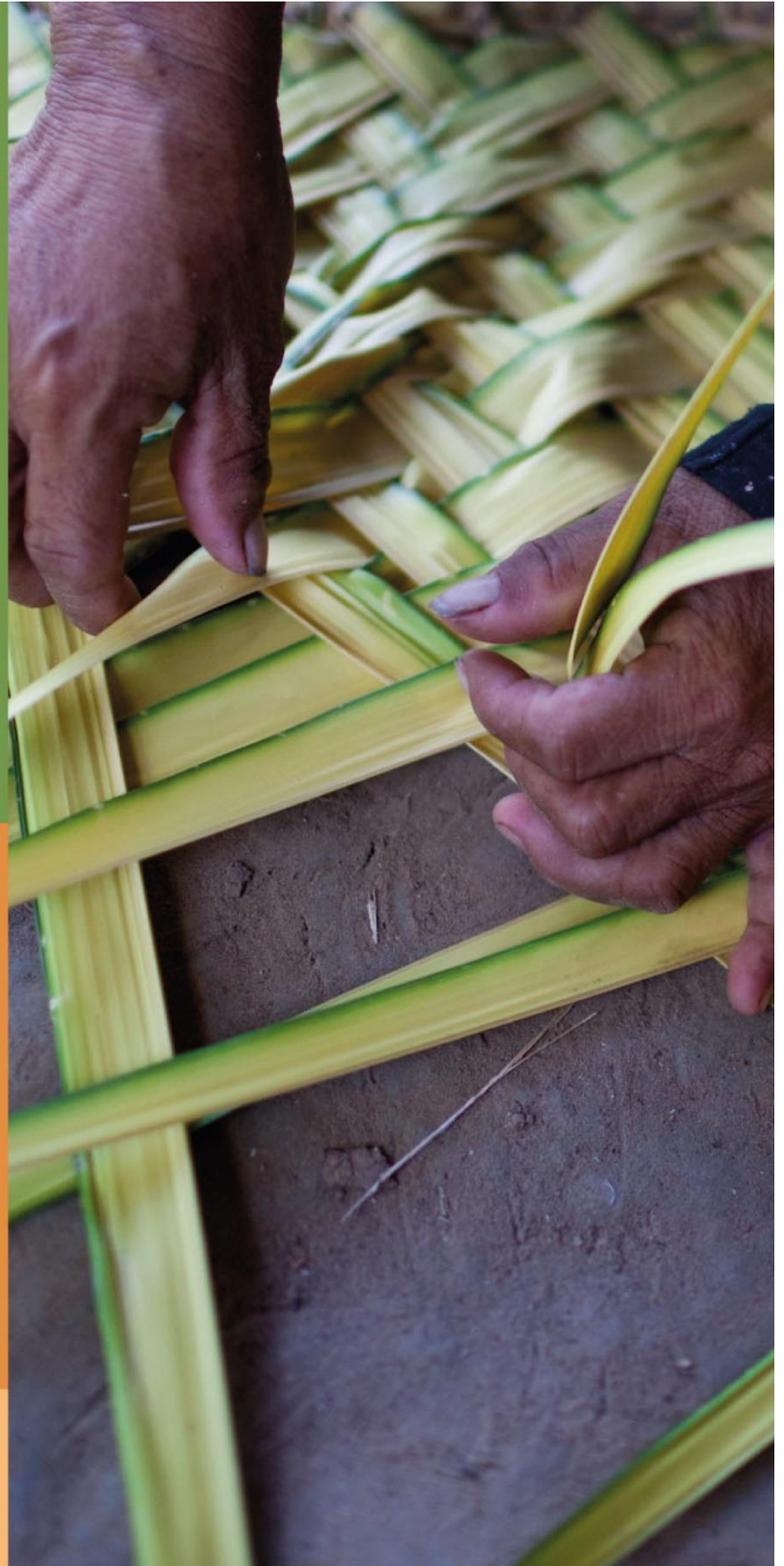


Executive Summary

Technical report of the market and communication analysis on the financial sustainability of protected areas in the Southern Landscape of the Amazon Biome



IAPA: Integración de las Áreas Protegidas del Bioma Amazónico

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Executive Summary of Product 05: Technical Report of the *Market and Communication Analysis on the Financial Sustainability of Protected Areas in the Southern Landscape of the Amazon Biome* consultancy.¹

The Southern Landscape of the Amazon Biome comprises the Chandless State Park and the Cazumba-Iracema Extractive Reserve (RESEX) in Brazil, the Alto Purus National Park and the Purus Communal Reserve in Peru and the Manuripi Amazon National Wildlife Reserve in Bolivia (RNVSAM).

According to interviewed stakeholders, the productive chains analyzed in this consultancy are the most important in the Southern Landscape protected areas: RNVSAM - Brazil nut, RNVSAM - Acai, Cazumba-Iracema RESEX - Brazil nut, Cazumba-Iracema RESEX - Acai, Cazumba-Iracema RESEX - Cassava flour, Cazumba-Iracema RESEX - Rubber crafts, Chandless State Park - Tourism, Purus Communal Reserve - Mahogany seeds.

These chains face challenges regarding logistics, economic training for producers, knowledge exchange among protected areas, job security, relations with intermediaries, contract compliance with buyers and local advertisement of products.

Prior to creating and disseminating a brand, it is necessary to carry out actions that objectively analyze these challenges, seeking to implement long-term research and obtain enough data for a reliable quantitative analysis. In this sense, this study calls for the design of participatory solutions for productive chains through an exchange network formed by the main stakeholders of these chains.

Thus, the TdR goals have been developed into the following actions: a qualitative market study with feasibility analysis for the umbrella brand; the suggestion of an identity for the Southern Landscape; a strategy for the creation of an exchange and development network; two logo versions with user guidelines and cost estimations for the implementation of the exchange and development network.

The methodology was based on a secondary information review, semi-structured interviews and a participatory workshop (co-creation workshop²) held between May 14 and June 29, 2018.

This report is an executive summary of Product 05 (Technical Report) regarding the consultancy and is divided in three sections:

- Feasibility analysis of the umbrella brand, with a diagram highlighting whether or not the productive chain has the necessary characteristics to be part of an umbrella brand.
- Feasibility analysis of the umbrella brand by productive chain.
- Feasibility analysis of the umbrella brand for the Southern Landscape.

¹The consultancy was carried out within the framework of the Integration of Amazon Biome Protected Areas (IAPA) project, funded by the European Union and jointly implemented by FAO, IUCN South America, UN Environment, REDPARQUES and WWF.

²A co-creation workshop is a methodology that uses ethnography and design thinking tools to engage participants in the joint construction of a concept or creative idea. The main objective of the workshop was to come up with ideas for the Southern Landscape brand name and logo.

Feasibility analysis of the umbrella brand

In the field of marketing, an umbrella brand is a brand architecture strategy, a brand that brings together different sub-brands or products. These sub-brands, under the umbrella brand, are leveraged by the main brand in terms of market position and positive reputation. In principle, there is no direct competition between the sub-brands. The umbrella brand strategy seeks to protect each sub-brand's image and differentiators.

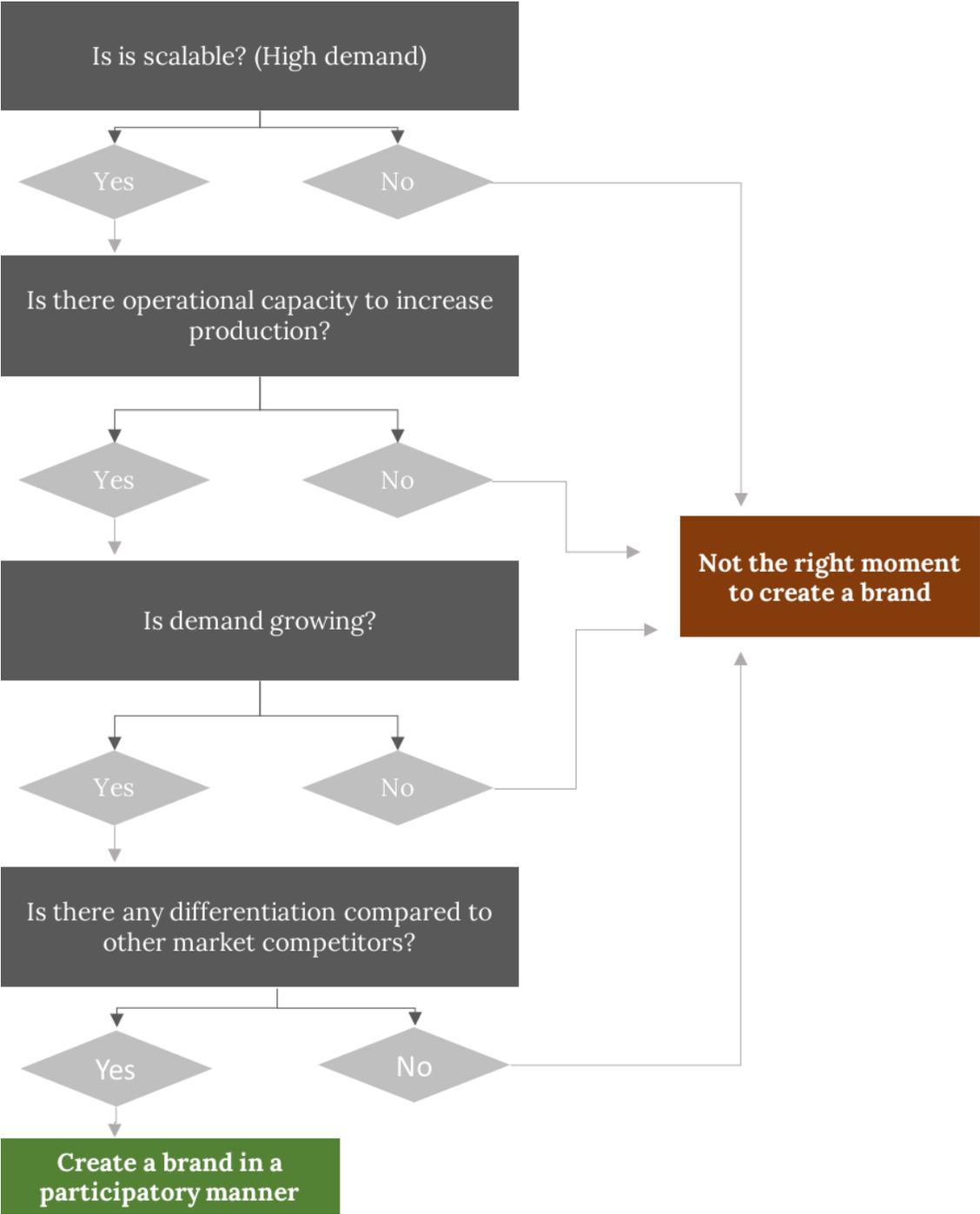
Theory demonstrates that well-coordinated marketing actions, including the creation and dissemination of an umbrella brand, contribute to information outreach regarding offered products. However, knowledge about a product does not imply greater sales volume or higher prices. If producers are not ready, or if production and commercial variables are not well adjusted to the market (price, product quality, logistics), the increase in demand can affect the chains negatively, frustrating producers and potential buyers. It is essential to assess these variables and decide the right time to create and launch a brand.

A feasibility analysis of the umbrella brand has been carried out for the most important productive chains of the Southern Landscape protected areas (PAs), and has considered:

1. Product scalability: the real size of demand (local or large scale, taking as reference the type of product and its productive chain). Data from similar productive chains in PAs and communities in the Southern Landscape region have been included for comparative purposes.
2. The supply operational capacity, in other words, the production capacity. The increase of production in a PA's chain must comply with the limits established by the environmental management plan and be aligned with local populations' culture based on a family work structure in which members alternate the productive activities according to the period of the year and harvests.
3. Market conditions: increasing or not.
4. The ability to differentiate products with higher added value and market value in order to make more regular purchases at better prices.

Considering these variables, the consultancy has elaborated a diagram to evaluate the feasibility of an umbrella brand by productive chain as shown below:

Image 1 - Umbrella brand feasibility diagram



Feasibility analysis of the umbrella brand by productive chain

- RNVSAM - Brazilian nut: Secondary data confirms product scalability for this product and points to a worldwide growth of the Brazil nut market in the last decades. The Manuripi nut also has a great differentiation potential in the market given its quality, designation of origin and organic certification. However, dependence on foreign markets results in oscillations both in the volume of purchases and seasonal prices. It is recommended that, before being associated to an umbrella brand, the operational capacity of the productive chain be improved (transport, logistics).
- RNVSAM - Acai: The acai chain analysis confirms scalability and an increasing demand, however, increasing operational capacity requires investments to improve the productive chain, given its high perishability and high quality standards. Therefore, recommendations point to improvements in the chain as well as investment in technology before launching the umbrella brand.
- Cazumba-Iracema RESEX - Brazilian nut: The operational capacity of the Brazil nut chain is very limited. In addition, interviewed buyers emphasized quality (free of Aflatoxins) as the main purchasing factor for this product. Therefore, the most important thing would be to invest first in the improvement of the production chain.
- Cazumba-Iracema RESEX - Acai: The acai chain in the RESEX faces a major challenge: a very limited operational capacity, which implies non-compliance with local sales agreements. For this reason, although acai is scalable and shows a growing demand in the Acre state market, it would not be opportune to launch an umbrella brand at present.
- Cazumba-Iracema RESEX - Cassava flour: The cassava flour production chain in Cazumba-Iracema is one of the most developed in the landscape. At the time of the interviews, producer Jair da Silva had been developing a product brand in association with the From Amazon company. Recognized as "the best cassava flour in Acre", production scalability shows very good prospects and demand is on the rise with very interested buyers throughout the state of Acre and other Brazilian states. Awards given cassava flour initiatives differentiate the product significantly in terms of outreach and quality.
- Cazumba-Iracema RESEX - Rubber crafts: Rubber sheet production is highly scalable and demand has been growing. Over the years, the working group has sold its crafts at local, national and international fairs. Craft works have several differentiating components. They are unique products, made with technology developed within the PA, which portray important local culture symbols (tree leaves). However, production currently faces an important challenge: the working group does not have credit lines to buy inputs nor to open and maintain roads in the forest to harvest rubber. For this reason, the chain currently does not have the operational capacity to be part of an umbrella brand.

- Chandless State Park - Tourism: The incipient tourism services in Chandless, currently in initial phases, are scalable. Demand is also growing among the higher-income public, both foreign and Brazilian. The characteristics of Chandless Park's birds, which are still being cataloged, can also contribute to the tourism potential, in case they are considered rare species. The key factor for the production chain consolidation is investing in the currently precarious infrastructure. At present, it takes at least eight hours by river from the city of Manoel Urbano to the protected area. Therefore, it is recommended not to develop a tourism brand before dealing with these issues.
- Purus Communal Reserve - Mahogany Seeds: In the case of mahogany seeds in Purus, current activities show no scalability given the high dependence on two buyers. Neither is there evidence in the literature of growth in demand. According to this qualitative analysis, this chain is currently the weakest candidate for an umbrella brand.

Feasibility analysis of the umbrella brand for the Southern Landscape

The feasibility analysis of the main productive chains in the Southern Landscape protected areas shows that there are still pending challenges before creating and disseminating an umbrella brand for the products.

Of the eight analyzed chains, six face challenges regarding productive capacity and, therefore, cannot guarantee the delivery of high quality products in the event of an increase in demand brought by the brand outreach.

One particular chain (mahogany seeds in Purus) faces scalability challenges, therefore, there is a need to diversify production in order to offer a larger amount of high quality seeds.

The most prepared chain to make part of an umbrella brand (cassava flour in the Cazumba-Iracema RESEX) has put forth an effort to develop a brand together with a local company. However, there is still a need to invest in training and association with other producers to increase productive potential and achieve higher sales volume in the Southern Landscape.

Therefore, the present analysis concludes that, presently, it is not an appropriate time for the creation and outreach of an umbrella brand for non-timber forest products in the Southern Landscape. Nonetheless, it does not exclude this possibility in the medium term. Before creating a brand, recommendations point to the development of mechanisms to strengthen productive chains and find solutions to structural challenges that could set the conditions for creating a brand collectively in the medium term.

In this sense, stakeholders also recommend creating an exchange network by means of a closer relationship among producers and other members of the productive chains.

These producers, united by sustainable development and seeking to create genuine solutions to their problems, will have the opportunity to play a key role in this exchange

network and work towards improvements in the productive chains, generating income for the communities and contributing to the conservation of protected areas.



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