

# International Trade Forum

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## New Jobs for Poor Communities through Trade

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"Sustainable development", "environmental protection" and "trade that works for the poor" may sound like do-gooder slogans, but three totally different projects, involving a plant native to South Africa, a fashionable resort in Brazil and organic spices in India, achieve exactly that.



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There are some stories that tell good news. It is worth keeping this in mind in a world where bad news sells, fed by a steady diet of headline-grabbing slogans and superbly crafted but frequently hollow generalizations by the forces of "anti" — anti-globalization, anti-trade liberalization. It is hard to get a hearing for the infinitely moving stories behind the small, grass-roots, low-cost projects, whose aim is to give poor people no more than they would ask for — a hand to get started on the ladder of success. Then, backed by a modest but steady income, they will take it from there to make a better life for themselves.

These narratives are the true story of development, which starts out small and progresses gradually as knowledge and resources increase and are passed along. If the original target group is ten, benefits might accrue to 100; if the target group is 100, a thousand will benefit — then more, as the ripple effect works outwards.

This is how the so-called developed countries themselves developed.

ITC hears these kinds of development stories in field project reports from its staff and consultants working on its programmes in the developing world. Continuing our series of "portraits of trade development" launched during ITC's 40th anniversary year, here we zoom in on a new story and update you on two others.

In the first story, we recount the tale of how lifestyle products, derived from a local plant of the Eastern Cape region of South Africa, are helping create jobs in one of that country's poorer regions. Expert help and training from ITC, funding from an innovative public-private partnership and firm commitments from some overseas markets are slated to raise some 1,000 local people out of poverty.

Next, we take you to a Brazilian tourist resort, reputed for its beauty but marred by the existence of surrounding poverty. Now local communities are taking the logical step to improve their lives by providing a variety of products and services to their rich visitors. The most notable is a job-creating, low-cost, organic waste recycling project, based on a local invention, which transforms the waste 20 times faster than usual methods. The sale of products manufactured by local communities has also led to the creation of dozens of jobs and a significant rise in incomes.

In India, the final step of our illustrated journey, rural populations are being lifted out of poverty through a programme designed to take maximum advantage of an international market ready and willing to absorb locally produced spices and aromatic herbs. In just four years, exports grew sevenfold and average income fivefold with tangible benefits to well over 2,000 people.

"These success stories in three developing countries on three continents have meaning for all developing countries," says J. Denis Bélisle, ITC's Executive Director. "They demonstrate how even modest aid to trade can create jobs and reduce poverty in poor rural regions."

### South Africans tap into plants for people's health

*Aloe ferox*, similar to *aloe vera*, grows abundantly in one of the poorest regions of South Africa, the Eastern Cape. It possesses unique properties for healthy lifestyle products including drinks, teas, dietary supplements, medicinal applications and cosmetics.

Expanding the *aloe ferox* industry in order to export products has considerable development potential since the inhabitants of rural communities are integrated as tappers, processing-plant workers or distribution agents for *aloe*-based products.

Three years ago, ITC helped to launch a project to produce and export *aloe ferox*-based products. Since then, it has helped to create nearly 170 jobs.

The project created 75 jobs by training 75 tappers of *aloe ferox* (who harvest the plant in the wild) and organizing them

in a cooperative. In addition, it published and distributed an illustrated, local training manual on tapping, with a special emphasis on environmental conservation.

ITC helped to build an innovative partnership between African Aloe, an exporting firm, the Eastern Cape Development Corporation and the tappers' cooperative to develop a range of products using the tappers' aloe harvest. They have jointly invested US\$ 300,000 in Ikhala, a factory that has basic facilities for collection, sorting and simple processing operations. Ikhala is up and running. An additional ten local workers have found jobs filleting and drying the aloe leaves at the factory.

Ikhala has also developed a handling and conservation system for aloe fillets to serve as ingredients in developing aloe-based health drinks and cosmetics. Strong demand for its cosmetics range has resulted in the appointment of 81 local agents who are making direct sales in nearby communities.

The 75 jobs for tappers created so far will soon be increased to 225, and eventually the project will enable around 1,000 people to get out from under the poverty line.

ITC also provided advice on export product development and marketing. In November 2005, Ikhala signed a contract with Men's Essentials, a firm that sells cosmetics in Canada and the United States. African Aloe and Ikhala have also made deals with companies in the Republic of Korea and the local market. They are trying to market aloe ferox products in Europe.

"What ITC has done in contributing significantly to the training of the tappers has made a great difference to the levels of pride and motivation among these women and men," says Andre du Plessis, Marketing Manager of Ikhala. "The next stage, where they participate in placing a range of their products in the international market, will further boost morale and commitment."

### **Towards "zero hunger" in Brazil**

Costa do Sauípe is Brazil's largest resort, known for the beauty of its natural environment. But many visitors may not realize the poverty of the people living near it. When local communities surrounding the resort expressed concern about being left out of a tourism development project, the corporate developers of Sauípe created the Berimbau Programme, named for a local percussion instrument closely associated with Brazilian folklore. At that point, the Bank of Brazil Foundation intervened because of its involvement in President Luiz Inacio "Lula" da Silva's "zero hunger" campaign. Sauípe developers and the Foundation jointly financed the programme.

Researching the best techniques to reduce poverty through job creation and higher wages, the Bank of Brazil discovered ITC's poverty-reduction programmes on the Internet and contacted ITC in Geneva.

ITC helped eight very poor communities, with a population of just over 7,000 people, to develop a business plan for selling products and services to the very rich resort. After doing several in-depth feasibility studies and a soil analysis, ITC proposed seven "productive chains" to harness the communities' production potential while responding to the resort's needs.

The chains are organic waste recycling, fruit and vegetables, soaps and shampoos, clothing (mainly uniforms), artisanal products, fishing and cultural activities.

The most spectacular results are in organic waste recycling. In December 2004 a waste processing plant opened, creating 40 jobs. Every day the resort and the neighbouring communities recycle their eight tonnes of organic waste in an environmentally friendly way. The method, invented by a Brazilian university professor, transforms organic residues into organic fertilizer in three days, instead of the usual 60 days, at 20% lower cost than normal.

About 500 local farmers use the fertilizer to grow the fruit and vegetables that are sold to the tourist hotels, so it will support much more indirect employment in the near future.

A warehouse for agricultural products, managed by a cooperative with 105 members, has been built and is marketing honey and other organic produce of the region. The project also facilitated the creation of a cooperative of 60 women who produce uniforms for the hotels.

Hundreds more jobs are foreseen as the other sectors take off. For example, 50% of the staff of the resort hotels are local employees. That proportion is expected to grow to 100% by the end of 2007. Salary increases are already visible: the monthly income of artisans rose from US\$ 100 to US\$ 400, benefiting more than 150 families.

Another activity of the Berimbau Programme concerns education to combat the high level of illiteracy. There are also plans for health care and cultural revival.

Berimbau is contagious. Another international resort on the same north-eastern coast is adopting the Berimbau

Bombard is contagious. Another international project on the same north-eastern coast is adopting the Bombard approach, involving a further 3,000 poor people.

Even more ambitious is the Bank of Brazil's approval of 1,080 business projects representing 70 productive chains all over the country. As part of the "zero hunger" programme, the Bank will work with Brazil's Ministry of Foreign Affairs and ITC to develop market studies for specific communities.

Impressive, too, is the Bank's aim to disseminate ITC's approach and adapt the pilot project in other Portuguese-speaking countries.

### **Spice sales from India increase**

Alongside Africa and South America, the third developing continent is Asia. There, India has equally spectacular results to show for working with ITC on poverty-reduction programmes.

Driven by keen competition in world spice markets and negative environmental effects of intensive spice cultivation, ITC and the Spices Board of India came up with the idea of aiding poor rural communities to produce and export organic spices.

The project's aim was to generate more jobs and income and reduce poverty, by exploiting the higher profit margins of international markets for organic spices and aromatic herbs like pepper, ginger, turmeric, rosemary and thyme. Abandoning the use of agrochemicals stopped soil degradation and helped to protect environmental diversity.

With the technical assistance of ITC and the Spices Board, four local partners were able to train farmers in land preparation, organic planting, certification, hygiene in harvesting and storage, packaging, and pest and disease control.

Exports increased from US\$ 228,000 in 2000 to US\$ 1.5 million by the end of 2004.

Originally there were 335 families in the project. Today they number 2,800. Half of the beneficiaries are women, and a considerable number of them belong to tribal groups.

Their average monthly income has risen from US\$ 10 to US\$ 50.

So impressed was the Indian Government by these results that it has invested substantially in building roads and in electricity and sanitation work to support the spice export programme. Organic spice certification to the European Union was another happy result.

### **Small but strategic**

A little can go a long way. In the hands of committed partners and experienced staff, small but strategic initiatives can make a measurable difference.

While these three projects fall under the umbrella of ITC's Export-Led Poverty Reduction Programme, they illustrate partnership between different parts of ITC, a range of external partners and local communities. They are among many ITC projects that illustrate the human stories behind trade for development. They also demonstrate clearly ITC's role in helping trade work as a positive force in improving local economies and preparing populations for the challenges ahead. They bring to life how countries can apply the benefits of new technologies, provide support for women entrepreneurs and promote environmentally friendly export initiatives.



*Photo: Ikhala Products (Pty) Ltd./K. Dodds*

### **Healthy profits from a plant**

- African Aloe, Eastern Cape Development Corporation and tappers' cooperative join forces to develop aloe ferox-based products

- New processing plant built
  - New range of products, produced from a sustainably-managed resource
  - 170 jobs in a very poor area
- 



*Photo: ITC/ F. Leclercq*

### **Sun, sea and services**

- Community-based tourism with major hotels (Accor, Marriot, Renaissance, Super Club)
  - Organic waste recycling plant
  - New jobs at hotels and in supplying them goods and services
  - Community centre and artisan shop
  - 7,000 people in eight communities benefit
- 



*Photo: ITC/A. Sandana*

### **Organic spices change rural incomes**

- ITC and Spices Board of India help farmers produce and export organic spices
- Exports: US\$ 228,000 in 2000; US\$ 1.5 million in 2004
- Protecting the environment
- Investments in modern roads, electricity, sanitation
- 2,800 families benefit; half of the workers are women

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