

International Snow Leopard Trust

Snow Leopard Enterprises Description and Summarized Business Plan

Priscilla Allen and Dennis Macray

Overview

The habitat for both humans and snow leopards in Central Asia is marginal, the ecosystem fragile. The struggle for humans to survive has often, unfortunately, brought them into conflict with the region's dwindling snow leopard populations. Herders commonly see leopards as a threat to their way of life and well-being. Efforts to improve the living conditions of humans must consider potential impacts on the environment. Likewise, conservation initiatives cannot ignore humans as elements of the landscape with a right to live with dignity and pride. Based on these principles, the International Snow Leopard Trust has developed a new conservation model that addresses the needs of all concerned. We call it *Snow Leopard Enterprises*[™].

Initiated in 1998 under the name Irbis Enterprises[™] (IE), Snow Leopard Enterprises[™] was established as an income-generating project of for herders in snow leopard habitat in Mongolia. The program runs under the International Snow Leopard Trust (ISLT) and has been financially supported by David Shepherd Conservation Foundation, WWF-Mongolia Country Office, Canada Fund and British Embassy in Mongolia. ISLT is an international non-governmental organization dedicated to the conservation of snow leopards and their habitat. Snow Leopard Enterprises[™] (SLE) links nomadic herders living in snow leopard habitat with international markets for woolen hand-crafted products, providing income and a conservation incentive.

Goals

Snow Leopard conservation is the goal of Snow Leopard Enterprises[™]: this is achieved by helping herders to balance their economic needs with respect for the environment. Snow Leopard Enterprises[™] offers herders an opportunity to increase household cash income in return for a commitment to snow leopard conservation. Such herders live in remote settings, far from markets where they might sell their livestock products. The price of raw wool, if sold to passing traders, is less than \$0.30 per kilogram. The same quantity of wool will yield handcrafted products that sell to Snow Leopard Enterprises for nearly \$10. This value added provides herders with a powerful incentive to comply with conservation conditions. Because the program is based on sound business principles, it is sustainable and will have a long lasting social and environmental impact (*see Social and Economic Projections*).

Conservation Connection

The conservation incentive is created in the form of a bonus. In order to participate, herders sign a contract, committing to specific conservation actions and explicitly banning poaching of snow leopards and their main prey species: ibex mountain goats and argali sheep. Contracts are signed in the fall, when the order is placed. When Snow Leopard Enterprises purchases products the following spring, herders are paid a base price. In the fall, if no poaching has taken place, producers receive an additional 20% bonus. Any violation results in the loss of bonus for all participants. This structure provides herders with a very real incentive not only to refrain from hunting themselves, but also to protect their local wildlife from outside poachers (*see Conservation Contract*).

4649 Sunnyside Avenue N, Suite 325; Seattle, WA 98103; USA
Tel (206) 632-2421 Fax (206) 632-3967 Email
info@snowleopard.org
www.snowleopard.org

Project Results to Date

Snow Leopard Enterprises was initiated in two locations in Mongolia in 1998, in response to requests from herders for help in getting better prices for their livestock products. In the first year, eighty-five families, in four communities in two regions produced 700 products, earning each family an average of \$31. Participation increased in 1999 and 2000, two new project sites were added and production increased to 1100 items. For 2001 extensive training and some equipment was provided with the result that more herders could participate: now all six provinces containing snow leopards have SLE sites over 200 households are involved in 12 communities (*see Map*).

Marketing and Product Development

SLE marketing strategy has until now focused on the tourist and ex-pat market within Mongolia with limited international sales. The Mongolian market will quickly become saturated and local competition is stiff: both in terms of quality and price. Because of the conservation goal of Snow Leopard Enterprises, producers are in the most remote possible locations, so logistical costs are high. In addition, SLE™ does not only work with Artisans, but often with poorly educated rural women with limited skills. Limited opportunities exist for selling in Mongolia, but for the business to become sustainable, international markets must be targeted.

Entry into mainstream markets has been limited due to the lack of a “brand look” to the product line and inconsistent quality. In addition, the majority of the product line has until recently been knitwear which has geographic and seasonal limitations. Finally the absence of color was an issue. Based on these findings and extensive feedback from target markets, a new product line has been developed to include a much broader felt line, naturally dyed bright colors, and two distinct merchandising “looks”: a natural black and white snow leopard look, and a fun bright look representing Mongolia’s cultural heritage. This product line will be further narrowed down and quality specifications will become increasingly rigorous as the market testing continues (*see list of products*).

Marketing Strategy Mongolia

Retail: A marketing strategy to increase sales in Mongolia is being developed. It will include a dedicated retail shop managed in partnership with other conservation linked handicraft development projects. Products will be promoted through tour companies and at special events and presentations about mountain wildlife in Mongolia. Retail sales are thus expected to grow, but modestly at an annual rate of 13%.

Wholesale: ISLT will purchase 90% of SLE wholesale products for distribution overseas, with the remainder going to independent buyers. The proceeds from sales by ISLT will be invested in SLE-Mongolia and lead to sustainability.

Marketing Strategy International

Retail: Products will be sold through the ISLT web-site and at special events such as presentations, Fair Trade Fairs, conferences and various special interest outlets. Due to limited infrastructure and marketing capacity, retail growth through ISLT is also expected to be relatively flat, at 13% annually.

Wholesale: ISLT will market SLE products initially through zoo stores in North America with whom ISLT already has a strong relationship. This strategy leverages the inherent theme of conservation that is shared by both sides. Once SLE has a strong presence in the

zoo market, the museum store market will be targeted. This will allow SLE to reach a slightly higher spending customer demographic. Pet stores and catalogues are the third specialty market that will be targeted, using the cat theme to reach a passionate consumer group with frequent purchasing patterns. Finally, when production capacity is assured, and quality control mechanisms are reliable, SLE will approach special interest (conservation or “cultural creatives”) catalogues and web-based retailers. Through these various outlets, wholesale growth projections are aggressive at 40% (*see wholesale projections*).

Management Team and Structure

Snow Leopard Enterprises™ is managed by a small team of dedicated individuals under the joint umbrellas of Irbis Mongolia and ISLT. Initiated in 1998 by Priscilla Allen (International Coordinator) and A. Bayarjargal (General Director SLE Mongolia) the program is still managed by the founders. At the Irbis Mongolia head office in Ulaanbaatar, Snow Leopard Enterprises™ has a full time staff of two: General Manager and Product Development Officer. In the field, each project site has a local coordinator and in some cases a regional coordinator. The International Coordinator is based in Seattle at ISLT headquarters (*see organization chart*).

Originally relationships were built with individual herder households, who signed contracts to participate on a one-to-one basis. As the program grows, and trust develops, several participating communities are beginning to appreciate the benefits of working collaboratively rather than as individuals. This will greatly facilitate logistics and coordination, and by contracting with formal groups, peer pressure through the bonus system will be enhanced.

In addition to the Snow Leopard Enterprises™, Irbis Mongolia carries out scientific monitoring surveys in snow leopard habitat, both of prey species populations and snow leopard sign density. These surveys are conducted, among other reasons, to monitor the environmental impact of Snow Leopard Enterprises™ as a conservation tool. The data collected forms part of a worldwide database on snow leopards, which is housed at ISLT.

Financial Returns and Analysis

Snow Leopard Enterprises™ was initiated as an independent conservation initiative with funding from a variety of sources. Donors funded program activities in a specific location, where that donor had a special interest. ISLT: South Gobi; DSCF: Gobi Altai; WWF-Mongolia Country Office: Uvs; Canada Fund: Bayan Ulgi. Additional small grants were obtained to pay for equipment and training (British Embassy, Aid to Artisans, private donors). Snow Leopard Enterprises has had a 100% repeat funding success rate from the founding donors.

As a result of generous donations from volunteers, many of the true costs of running SLE have been hidden. In January 2001, Snow Leopard Enterprises™ became an official program of the International Snow Leopard Trust, who absorbed these costs. A business plan is in place outlining timeframe and strategy for reaching sustainability. Any profit forthcoming after that will be invested in the snow leopard conservation.

Program Expansion

The model of linking conservation incentives with income generation through handicraft development is one that can be successful beyond Mongolia. At present, ISLT is working with communities and partners in India, Pakistan and the Kyrgyz Republic to expand the

program. Economies of scale are making this expansion financially viable and lessons learned in Mongolia are proving effective. Once suitable sites have been identified, the following steps may be taken to initiate the program. This is but one example of how it might work, each site is unique and responds to local needs and conditions:

Step 0: Prior to initiation of any conservation initiative, including Snow Leopard Enterprises, the conservation issues must be clearly defined and there must be thorough understanding of the ecological baseline. This not only ensure that the program addresses a real issue but enables effective monitoring of ecological indicators.

Step 1: *Assessment* of materials, skills base, equipment and production capacity.

Step 2a: *Product development* – based on the assessment a line of potential products will be drawn up for trial production. Samples will be made, and then tested in target markets, adjustments will be incorporated and products that look to be successful on the market will be ordered. Key features in product development are: cultural integrity of design, wildlife motif and colors.

Step 2b: *Pricing* – an integral part of product development is pricing, working both directions: a) from the price that can be generated at the final point of sale and b) from the value of the materials and labor that are required to manufacture the product.

Step 3: *Conservation Conditions* – through a participatory manner including all stakeholders, the conservation issues should be defined and an appropriate structure for delivery of a bonus as a form of conservation incentive should be developed.

Step 4: *Marketing* – The key to sustainability of the program is the ability to sell the product. With suitable input at the product development stage, thorough market testing, and rigorous quality control mechanisms in place, it will be possible to bring a quality product to the market. Then the story must be told effectively through appropriate labeling, packaging and display materials. Internationally products from the expansion countries will be integrated into the overall marketing strategy and benefit from economies of scale.

Variations

Each site is unique and structures will vary greatly. In some areas the greatest conservation incentive will be through providing bonuses to individual participants. In others, a more collective approach would be appropriate. For example, the additional revenues generated from bonus payments might go into a communal fund to supplement a livestock insurance program. Other communities prefer to invest the communal bonus in equipment or training. Although quality and design specifications are centrally dictated by the market in order to ensure long term sustainability, each project site is expected to develop a structure that meets local needs and enjoys the commitment of the local community.

Annexes

Conservation Contract

List of Products

Wholesale Projections USA

Organization Chart

Financial Projections

Social and Economic Projections

Map

Snow Leopard Enterprises Conservation Contract (summarized)

DRAFT: this version is currently under review by the communities, Protected Areas, and Local Authorities. The final version will be defined collaboratively.



Contract between: Irbis Enterprises
_____ Protected Area Administration; and
_____ Community Group

Herders living in the buffer-zone of _____ Protected Area in _____ Province may participate in this community based income generating program as incentive for the conservation of snow leopards and their prey.

Validity of contract: from September 200 ____ until September ____.

Irbis Enterprises Responsibilities:

- Will purchase products, which meet quality specifications from producer groups in spring of the year
- _____ Pay a bonus of 20% in addition to the base purchase value of the products if no conditions in the contract have been broken
- Pay a contribution of 10% of the base purchase value of the products into a snow leopard conservation fund
- Provide training in wool processing and manufacturing items
- ...

Community Producer Group Responsibilities:

- Produce products which meet quality and size specifications
- Organise training for herder-producers
- Collect all products from herders by date: _____
- Protect wildlife (in particular snow leopards, ibex, argali, snow-cock) from poaching
- ...

Protected Area Responsibilities

- Protect wildlife (in particular snow leopards, ibex, argali and snow-cock) from poaching
- Conduct awareness raising activities for herders about wildlife conservation
- Provide a report according to agreed format with information on contract violations by 1st September 20 ____.
- Provide a report on how Snow Leopard Conservation Fund contributions have been spent
- ...

Local Government Responsibilities

- Provide access to reports and data on nature and environment
- Raise awareness among local people of conservation
- ...

Bonus Payment Conditions:

The bonus will be withheld from the community if:

- Snow Leopard, Ibex, Argali or Snow-cock has been poached

Other conditions will be set by communities and Protected Areas as appropriate

Snow Leopard Enterprises Social and Economic Projections

	<i>Historic</i>	1999	2000	2001
Number of Communities		4	8	10
Average number of herders per community		20	17	18
Number of participating herder households		80	136	180
Value of products purchased		\$2 450	\$3 630	\$6 290
Average income per community		\$613	\$454	\$629
Average income per herder household		\$31	\$27	\$35
		2002	2003	2004
Number of Communities		12	14	14
Average number of herders per community		20	20	21
Number of participating herder households		240	280	294
Value of products purchased		\$13 100	\$17 700	\$24 200
Average income per community		\$1 092	\$1 264	\$1 729
Average income per herder household		\$55	\$63	\$82
		2005	2006	2007
Number of Communities		15	15	16
Average number of herders per community		22	24	25
Number of participating herder households		330	360	400
Value of products purchased		\$32 900	\$45 000	\$62 000
Average income per community		\$2 193	\$3 000	\$3 875
Average income per herder household		\$100	\$125	\$155

Snow Leopard Enterprises Map of current sites (2002)

Snow Leopard Enterprises operates in all six provinces in Mongolia where snow leopards occur: South Gobi (Omno Govi), Bayanhongor, Gobi Altai (Govi Altai), Hovd, Uvs and Bayan Olgi.



(Stars indicate project sites)

- Participants from the Gobi regions (Omno Govi, Bayan Hongor and Govi Altai) manufacture mostly camel wool items.
- Participants from Uvs and Khovd make felted products and some Angora cashmere products.
- The province of Bayan Ulgi is mainly Kazakh who have a strong decorative felt-making tradition, and manufacture the brightly colored rugs and table-mats.

When orders are placed, care is taken to ensure that the value of the orders are comparable, so that each community has equal opportunity to generate similar levels of additional income. The different products being manufactured in each area reflect availability of raw materials, water, equipment and skills base of participating communities.

International Snow Leopard Trust

Snow Leopard Enterprises Product list for 2002

SKU	Description	QTY Ordered for 2002	QTY to be sold in Mongolia	QTY to be sold overseas
TOTAL		2792	1147	1 645
Art				
FMNSL	solid felt snow leopard	45	9	36
Accessories (camel wool)				
KED	earband dyed	82	41	41
KEN	earband natural	134	67	67
KFD	scarf dyed	50	10	40
KFN	scarf natural	80	16	64
KHD	hat dyed	95	40	55
KHN	hat natural	125	60	65
KMD	mitten dyed	82	16	66
KMN	mitten natural	96	19	77
KSD	sock dyed	35	15	20
KSN	sock natural	65	55	10
KYD	yarn dyed	30	6	24
KYN	yarn natural	39	8	31
Accessories (cashmere)				
KFNC	scarf natural cashmere	60	12	48
KHNC	hat natural cashmere	60	25	35
KMNC	mitten natural cashmere	30	8	22
KMNCB	baby mitten natural cashmere	20	4	16
KSNCB	baby sock natural cashmere	30	6	24
Fun Stuff				
FJBD	balls juggling (set of 3) dyed	55	11	44
FJBN	balls juggling (set of 3) natural	50	10	40
KNSAC	yakisac	86	17	69
Home Décor				
FBRDK	bedside rug dyed (chemical)	54	20	34
FBRN	bedside rug natural	54	11	43
FTCD	teacosy dyed	45	9	36
FTCN	teacosy natural	45	9	36
FTMDK	table mat dyed (chemical)	95	25	70
FTMN	table mat natural	95	19	76
Ornaments				
FAND	animal ornaments dyed	80	16	64
FANN	animal ornaments natural	85	17	68
FORD	ball ornaments dyed	65	13	52
FORN	ball ornaments natural	75	15	60
FPCD	ball pin cushion dyed	55	11	44
FPCN	ball pin cushion natural	45	9	36
Pet Toys				
FPTD	mouse toy dyed	75	15	60
FPTN	mouse toy natural	90	18	72
Mongolia only				
A small number of additional items are intended for the Mongolian market only and include: chair-mats, insoles, yak felt slippers, gloves, bags, slipper-socks and sheepskin mittens.				

Snow Leopard Enterprises Organization Chart

