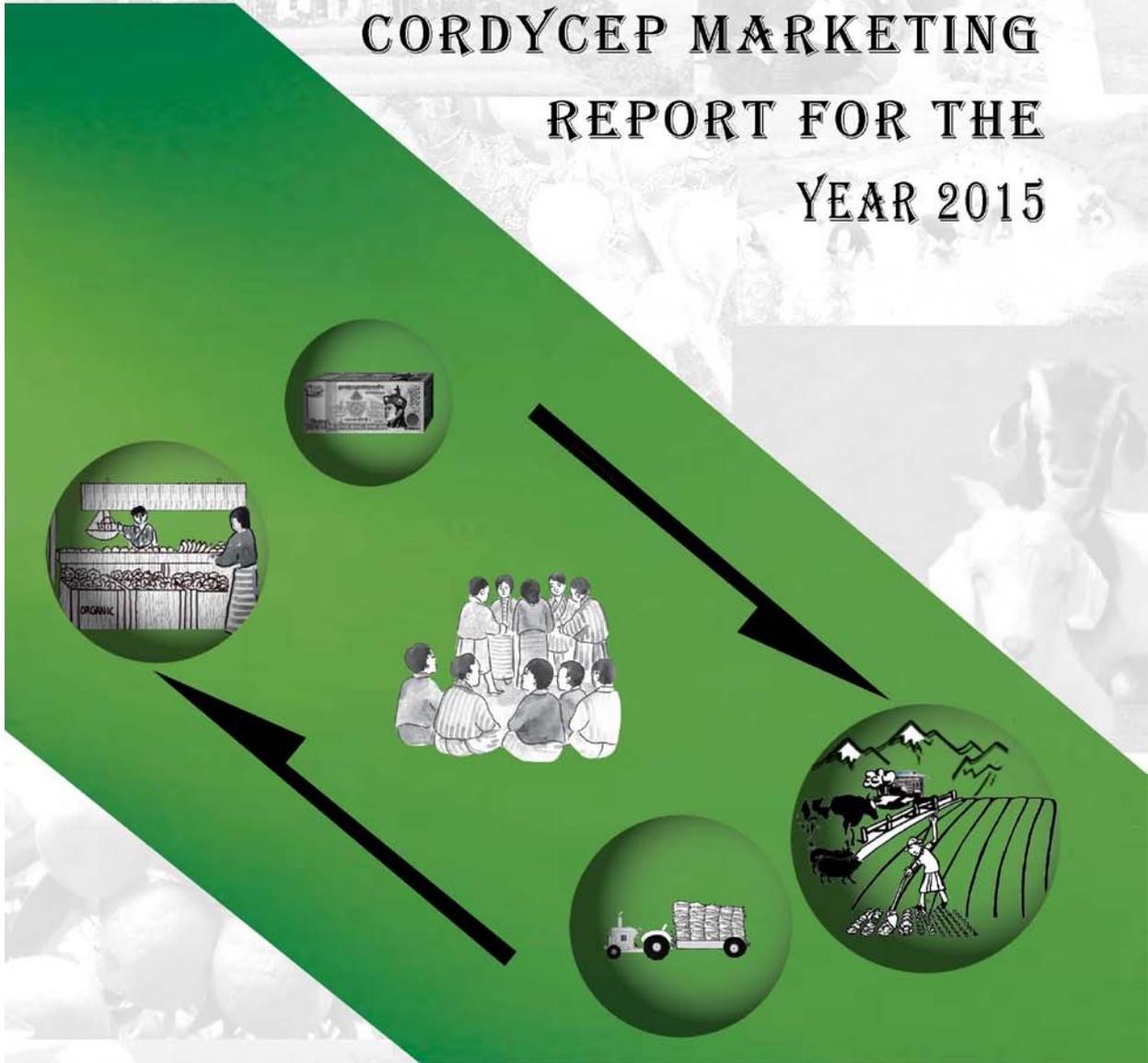




CORDYCEP MARKETING REPORT FOR THE YEAR 2015



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Cordycep Marketing report for the 2015 season

1. Background:

During the annual stakeholders workshop held on 16th April, 2015, one of the major decisions undertaken was to allow the cordycep collectors sell their products withdrawn from the auction, right after the auction is over at ones respective geog. The decision has been taken based upon request from cordycep traders and representatives from local government. Apart from that, there was no major change in the marketing system.

The royalty amount for cordycep has been kept same i.e. Nu. 8400/kg for this year and it will be increased by 20% next year. The service charge amount calculated based on cordycep transaction value has been retained at 0.65% as in the previous years.

Certificate of origin has been highlighted as one of the most important tools not only in terms of ensuring the origin of harvest but an important tool in the whole value chain. Hence, the need to implement it uniformly in all the places was emphasized during the discussions before the auction.

The cordycep auctioning for the 2015 season in the country has started on 14 July, 2015 at Gasa dzongkhag and concluded on 10 August, 2015 at Paro dzongkhag. The starting venue for cordyceps auction keeps on changing and accordingly the dates for auctioning, based upon discussion during the workshop.

2. Market Information:

In 2015, a total of 43 traders registered with Department of Agricultural Marketing and Cooperatives (DAMC) for participation in cordycep auction.

The dates and venue for the cordyceps auction has been announced in media and shared through different modes. A total of 11 venues have been selected for 17 different cordyceps collection geogs. The dates and venues for cordyceps auctioning are annexed with this report.

2. a. Quantity of Cordyceps auctioned in 2015 season:

Dzongkhag	Geog	No. of Permits issued	No. of collectors represented at auction	Total Qty. Declared(kg)	Qty. Withdrawn(kg)
Gasa	Khatoe & Laya	496.00	192.00	29.76	8.69
	Khamey & Lunana	319	56	16.705	1.109
Wangdue	Kashi	117	42	1.3375	nil
	Dangchu	285	236	41.609	17.10
	Gangtey	182	87	23.775	0.82
	Sephu	680	450	65.8	nil
Bumthang	Chokhor	930	360	24.025	12.16
	Chumey				
Lhuentse	Khoma	14	12	0.893	nil
Trashiyangtse	Bomdelling	106	91	5.034	nil
Thimphu	Lingshi	245	235	8.77	nil
	Naro	172	160	7.967	nil
Paro	Soe, Tshento & Dotey	304	136	5.201	0.246
		3354	1865	230.881	40.121

Note 1: * Qty withdrawn refers to the qty. of cordycep withdrawn from selling through auctioning in the particular auction site

As reflected in the table, this year the production quantity of cordyceps declared at auction amounted to 230.881kg. And about 40.121 kg of cordyceps has been withdrawn from auction, which might have been taken to other auction sites, exported directly or sold to individuals after the auctioning period. The total royalty collection calculated at Nu. 8400/- amounted to Nu. 1.94 million. Wangdudhodrang dzongkhag saw the highest amount of cordyceps collection i.e. 132.52 kg and Lhuntse dzongkhag the lowest i.e. 0.893 gm.

The representation of collectors at auction sites remains a concern despite of conducive marketing systems in place. Out of 3354 collection permit issued across the country only 1865 participated during the auction. Few collectors expressed that they have not been able to go despite of having collection permit. However, certificate of origin might have proved to be a better tool to track whether the reasons are genuine for not participating during auction. The lack of awareness on the existing guideline must have been one of the main reasons for not participating during auction. Although, there are more than 90% collectors representation at certain auction sites like Thimphu dzongkhag but there are cases where the representation of collectors at auction is not even 40%. A maximum of 3 collection permits per household were issued by respective geog administration across the country, and about 1865 collectors participated during the auction.

2. b. Cordyceps transaction trend:

Comparative Transaction Record for Cordyceps from 2004 to 2015												
Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Cordyceps quantity declared at auction	175	200	506.6	140.4	672	594	550	169	235.89	677.889	671.67	230.88
Royalty(Nu. In million)	0.63	1.36	2.02	0.98	4.76	3.85	3.8	1.4	1.65	4.77	5.64	1.94
Price—Min to Max(Nu. In Million)	0.04-0.08	0.08 - 0.64	0.02-0.13	0.02 - 0.15	0.02 - 0.25	0.015 - 0.35	0.010 - 0.49	0.25-0.60	0.051 - 1.22	0.067 - 1.21	0.072- 1.326	0.09- 1.47
Average price(Nu. In million)	0.06	0.36	0.075	0.085	0.14	0.18	0.16	0.43	0.64	0.67	0.7	0.78
No. of registered bidders	-	-	22	24	27	21	28	32	38	43	47	43

As reflected in the table above, this year, 2015 saw less quantity of cordyceps declaration at auction unlike in the past few years. According to the collectors in the western region like Wangdue, Paro, Gasa and Thimphu, they expressed that the yield was very low this year. However, in central region like Bumthang, where the yield was considered very high proved questionable considering the quantity declared at auction which decreased by 100 % this year.

Till date, the lowest quantity transacted was in the year 2007, where only 140.4 kg of cordyceps were transacted through auction. This year, the total quantity declared was 230.88kg, out of which 190.689 kg was auctioned. And accordingly, a total amount of Nu. 1.94 mn. was collected as royalty. Initially, only about 22 traders registered with DAMC for participation during auctions but over the years it steadily increased. A total of 43 bidders registered this year.

The average price of cordyceps has also increased significantly, initially in 2004, the average price per kilogram of cordyceps was Nu. 0.065 Mn, where as this year, 2015 the average price has reached to Nu. 0.78 Mn per kilogram of cordyceps. As in the previous years, the cordyceps brought by Lunana geog collectors fetched the maximum price i.e. Nu. 1.478 Mn for a kilogram of cordyceps. The lowest price fetched was Nu. 0.09 Mn per kilogram at Bomdelling geog, Trashiyangtse.

3. Overall experiences and recommendations:

Sl. No.	Observation/feedback from stakeholders	Impacts/Implication	Recommendation
1.	Timing for cordyceps auction: In most of the auction venues, the auctions are not conducted on time based upon the guidelines i.e. at 10 AM due to the failure in registration of bidders and collectors in advance. In few geogs, extra days were allotted for auctioning after discussion during stakeholders workshop, which was felt unnecessary.	The failure to conduct auction on time leads to delay in auctioning and rush in the end leading to inefficient system.	The respective geog administration should inform the collectors on the timing and need to register well in advance as per the existing guidelines.
2.	Representation of collectors at auction: As clearly indicated in the data's above, the representation of collectors at the auction has been a concern even this year. There have been less than 40% of collectors at auction in many auction venues.	Such practices may lead to inefficient marketing system affecting the whole value chain in the future.	The proper implementation of certificate of origin plays a vital role here. If it is implemented effectively, then it will truly benefit the whole system. The number of collector turnover can be easily tracked along with the quantity collected with such mechanism in place. Hence it should be implemented effectively to ensure representation at auction.
3.	In few geogs, the business transaction documents have not been printed in advance or the concerned officials are not so aware on the presence of different documents.	The failure to produce these document or absence of appropriate form might result in complications while exporting the consignment or the consignment may be	The respective geog administration should make an effort in preparing the forms beforehand, since it has already been three years since the implementation of the

		considered illegal.	present system.
4.	In some of the geogs, the service charge collected by geog administration has been found insufficient for necessary logistic arrangement.	Failure to arrange necessary logistics at the auction sites can create lot of inconvenience for various stakeholders present.	A fixed amount should be collected from the registered bidders from the following year in order to disburse to respective geogs for necessary logistic arrangement.
5.	While in most of the geogs police personals were present but in few geogs, police personals were absent.	Since cordycep trading involves huge amount of cash and other resources, the need for police personal at all the auction sites was deemed very important. Further the presence of police personal will also help ensure smooth auctioning process without nuisance.	The respective geog administration at all sites shall request and ensure the presence of police personals as per the cordycep auctioning guidelines.
6.	Systematic payment mode was observed in Bumthang dzongkhag. In this system, an accountant appointed by geog administration collects the total bid amount directly from the buyer. And then disburse to the collectors as per lot card.	Such practice ensures more systematic mode of marketing, it provides more time for the buyers to bid for the next lot and prevents collectors from getting confused after the auctions for payment.	If all the respective geog administration could adopt such practices at the earliest.
7.	Since the legalization of cordycep collection, the grading for cordyceps is being done during auctions. But still, we do not have any standards while segregating the lots.	Absence of grading standards has been an issue and the visual sorting committee faces challenge during the auctions. If such standards are not in place, the collectors will not have a clear idea on such aspects even in the future and continue fetching low price due to grading error.	DAMC officials should come up with a grading standards based upon market demand and create advocacy among the collectors accordingly.
8.	Cordyceps are packed in different packet/containers, while it is brought to the auction.	Using improper containers might lead to breakage of cordyceps and moreover it creates inconveniences for visual sorting committee while segregating the lots.	The respective geog administration in consultation with National Post Harvest Centre should create awareness on usage of proper container for packing.

4. Conclusion:

It has been three year since the respective geog administration has started conducting the cordycep auction and their efficiency has been improving since then. The consistent effort from the different government agencies in supporting the local government has been a vital factor in

successful conduct of cordyceps auction. However, there are certain actions that needs to be undertaken to further improve the value chain

The DAMC officials conducted a training/awareness program at Gasa Dzongkhag last year on the presence of different formats for business transaction document and on marketing aspects. Further, the department has to undertake such programs in other cordycep harvesting dzongkhags. During such program, presence of officials from BAFRA, National Post Harvest Centre(NPHC) and DoFPS will immensely benefit adding extra value to the program. The team needs to explain to the main actors on importance of having a proper system in place, post harvest practices, regulatory issues and the best practices.

While the various stakeholders comprising of geog administration, NPHC, BAFRA, DoFPS and DAMC have been successful in facilitation of the cordyceps marketing for the current season, yet there are areas where small interventions can make enormous impact in the lives of the people. The implementation of certificate of origin remains a challenge in most of the geogs, the current marketing mode is highly dependent on implementation of this document, and hence the success or failure of the whole system relies upon the implementation of certificate of origin.

Finally, the department would like to express that, despite of minor hitches in our system yet we have been considered one of the countries with best cordycep management practices in place. Development workers from China, Nepal and India are learning our system and planning to replicate in their country. And we sincerely feel privileged to be part of dedicated team focused towards improving the socio-economic condition of the highlanders with sustainability aspects in mind. The various geogs involved in cordyceps auction have not only been involved in marketing of cordycep but also a great support to all officials even in terms of logistics during the auctioning period.

Annexure 1: Date and Venue for Cordycep Auction, 2015.

Sl. No	Dzongkhags	Place of Auction	Date
1	Gasa	Gasa Dzong	14 & 15-Jul- 2015
		Tashithang	16 & 17-Jul-2015
2	Wangduephodrang	Kashi Gup Office	20/07/2015
		Dangchu Gup Office	21 & 22/07/2015
		Gangtey Gup Office	23-Jul-15
		Sephu Gup Office	24 & 25/07/2015
3	Bumthang	Chokhor Gup Office	27 & 28-Jul-2015
4	Lhuentse	Khoma Gup Office	31-Jul-15
5	Trashiyangtse	Bomdelling Park Office	02-Aug-15
6	Thimphu	Dodena	5, 6 & 7/08/2015
7	Paro	Tshento Gup Office	9 & 10-August-2015