

Organic Markets in Africa



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NURTURING THE ORGANIC WORLD

Study commissioned by IFOAM

- Survey of market initiatives
- Case studies
- Market strategies of organic movements
- Literature review
- Analysis and recommendation
- Tools and resources

by Grolink AB, Gunnar Rundgren and Peter Lustig



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Survey

- 85 respondents

Country	Respondents
Cameroon	3
Egypt	3
Ethiopia	3
Kenya	26
Namibia	2
Senegal	1
South Africa	1
Tanzania	15
Togo	1
Uganda	24
Zambia	6



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Kind of organisation

Legal structure	Number of responses
Cooperative/producers' groups	36
NGO	18
Individual	4
Private company	26
School	1



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Sales channels

Sales channels	Number
Direct to consumers	4
Farmers' market	5
Organic shop + box schemes	5
Restaurant	1
Retailer	24
Wholesaler and trader	34
Wholesaler and retailer	12



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Case studies

- Bonde la Chem Chem Sabuko, Tanzania
- Bryanston Organic Market, South Africa
- Weekly Organic Market in Thies, Senegal
- SPAS organic amaranth initiative, Kenya
- Foxy organic, Zambia



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Strategies of National Organic Movements

IFOAM

- Kenya Organic Agriculture Network – KOAN
- Tanzania Organic Agriculture Movements - TOAM
- National Organic Agriculture Movement of Uganda
- Organic Producers and Processors Association of Zambia



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Other market research in Africa

IFOAM

- Envirocare study 2006 in Tanzania
- EPOPA study 2004 in Tanzania
- EPOPA study of South Africa 2006
- IFOAM Consumer Survey East Africa 2006



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So what is the picture?

IFOAM



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Weaknesses

IFOAM

- Erratic supply and low quality
- Lack of organization of the supply chains
- Farmers and farmers' groups are not strong enough to play an active role in the value chain
- Low consumer awareness
- No clear, common identification of organic products in the marketplace
- Low involvement of commercial actors
- Organic assurance systems are undeveloped
- Unclear distinction between organic and traditional farming
- Image of organic sector is weak



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Opportunities

IFOAM

- International trends reaching local markets
- Great opportunities to rapidly increase supply from "default organic" producers
- Increasing awareness of consumers regarding health, nutrition and environment
- Media interest
- Existence of global supply of organic products (i.e., possibilities to supply markets with imports)



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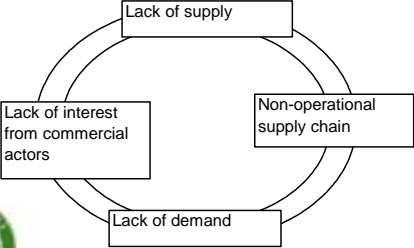


Threats

- Governmental programmes that harm organic (e.g., DDT spraying or subsidies of fertilizers)
- Launch of competing schemes (by retailers, agri-business or government)
- Fraud in organic products (i.e., conventional products being sold as organic)



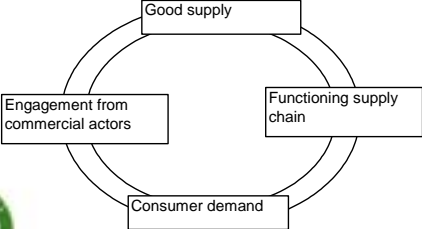



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How to get from here.....

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.....to there

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Organic vs Conventional

- Conventional markets have many independent actors
 - Several levels of small traders
 - No transparency
 - Quick turnover
 - Low-quality profile
- Organic markets are characterised by
 - Integrated chains
 - More transparency
 - Slower turnover
 - High-quality profile

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Initial organic markets

Need short and integrated supply chains

- Farmer shop
- Farmers' Markets
- Integrated tourist operations
- Contract Farming

Supermarkets are very demanding clients, re

- Supply capacity
- Quality
- Pricing





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Increasing consumer demand

- Engaging consumers directly
- Brochures
- Media
- Direct Marketing
- Word of Mouth
- Participation in fairs and events

Marketing & Promotion should focus key target groups and not spread too thin




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Export and Import

- Exports is dominating in all African countries
- Imports exists in many countries

Domestic sales of Export produce and imports can solve some problems

- Reliable supply
- Commercial actors
- Good qualities
- Established organic assurance - certification



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What's in the price?

"Pricing of the products is difficult, especially when dealing with both retail clients and wholesale."

A very small price premium is charged for the organic products.

"High range of varieties sold to supermarkets for good prices illustrates potential for expansion of domestic organic-fruit trade."

"Customers—mainly the big supermarkets – did not pay us satisfactory prices for the produce. We could hardly cover production costs."




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Price comparison organic and conventional

Product	Thiès Market	Conventional market
Grapefruit	300	400
Papaya	400	500
Honey	1 600	1800
Palm oil	1 400	1 600
Orange	500	500
Aubergine	300	350
Manioc (cassava)	500	400
Carrots	400	300
Okra	500	600
Sweet potato	400	400
Peppers	500	600
Tamarind	500	600
Millet flour	500	400
Millet	160	200

currency: CFA



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More on prices

- Conflicting ambitions:
 - Support farmers
 - Make organic food available to the many
- Premium price is currently derived from:
 - High Quality
 - Good presentation



.....Rather than from organic status


A branding strategy is needed for higher prices, e.g. the EA Organic Mark



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Organic assurance, certification





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Organic assurance, certification

- Self-claim by individuals
- Self-claim by groups (Bonde la ChemChem)
- PGS style of "certification" managed by a smaller group itself (e.g., Bryanston)
- PGS style of certification managed by NOAM (e.g., KOAN and NOGAMU)
- Internal Control Systems that are "certified" by NOAM (e.g., OPPAZ or Agrecol)
- Third-party certification (Foxy Organic, some of the suppliers to Bryanston)

Keep it simple - but trustworthy



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Farmers, NGOs and NOAMs

- Farmer groups are (perceived as) being too weak to market by themselves
- NGOs are heavily involved in marketing
 - Market linkages
 - Sometimes takes on direct marketing role
- The organic market can be NGO promoted and NGO initiated, but the trade should be done by commercial actors in the longer term
- NGOs should perhaps stick to their social agenda

Consumer perspective needs to come into the business



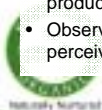
National Organic Movement

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Key recommendation

- Market initiatives should develop a market suitable to their capacity and expected demand. Most likely this will be a **niche market** targeting small groups of consumers.
- Marketing initiatives should **cooperate** in consumer awareness activities (e.g., participation in annual events coordinated by NOAMs).
- Marketing initiatives and NOAM should develop a **practical organic labelling scheme** whereby organic products can be identified to the consumers.
- Observe **pricing strategies** to avoid having organic perceived as prohibitively expensive.



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More Key recommendations

- Sector organizations (NOAMs) can facilitate marketing
 - by creating opportunities at events
 - by developing the image and labelling schemes
 - by assisting with the practical needs of the initial marketing initiatives (e.g., packaging materials, labels, market information).
 - NOAMs to collect and make available market data.
- The linking of farmers to markets is critical and requires much attention – and work!
- It is important to strengthen the farmers' role as responsible actors in the value chain.



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That is the end

Thank you
Asante Sana



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