



ORGANIC MARKETS IN AFRICA

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IN AFRICA

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SUMMARY

This report is based on a survey of eighty-five local market initiatives, case studies of a handful of the initiatives, the market strategies of the National Organic Agriculture Movement (NOAM), the consultants' experiences and a literature review.

Organic markets in Africa are still in their infancy except in South Africa and Egypt. In most countries exports are much bigger than domestic sales. However there are a number of initiatives, mainly in two categories:

- Organic shops and other outlets operated by private entrepreneurs
- NGO-driven initiatives to link farmers to markets

Key challenges are a lack of reliable supply, lack of demand, deficient supply chains and a lack of business interest. Key strengths are the engaged people and the existence of an organic export sector with good supply capacity. Many African countries don't have a unified national organic movement. Such a movement can be pivotal for the development of domestic markets, as it provides a neutral platform for the sector to cooperate and communicate with stakeholders, including buyers and consumers.

The role of NGOs in the marketing is not without problems, and NGOs should be careful not to take over the roles of other market actors, be they farmers, traders or retailers. However, where the market is weak and the sector badly developed, NGOs do have a role to play for market information, market links, training of the actors in the value chain, and promotion.

The key recommendations are the following:

- 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.
- Organic-marketing messages should be tailored to the key consumer groups.
- If there is no national organic-agriculture movement; one should be established.
- Marketing initiatives should cooperate in consumer-awareness activities (e.g., participation in annual events coordinated by NOAMs).
- Marketing initiatives and NOAM organizations should develop a practical organic labelling scheme whereby organic products can be identified to consumers. The organic-labelling scheme is to be continuously developed, adding components of quality assurance (e.g., certification and PGS systems).
- Sector organizations (NOAMs) can facilitate marketing by the creation of opportunities at events, by developing the image and labelling schemes, and by assisting with the practical needs of the initial marketing initiatives (e.g., packaging materials; labels, etc.; and market information).
- The linking of farmers to markets is critical and needs much attention. It is important

to strengthen the farmers' role as responsible actors in the value chain.

- Observe pricing strategies to avoid having organic perceived as prohibitively expensive.
- Engagement of commercial actors shall be sought.
- Engagement shall be sought of the organic export sector in the development of local markets.
- Use imports for market development.
- NOAMs should be used to collect and make available market data.

1. TERMS AND ABBREVIATIONS

1.1 Abbreviations

The following abbreviations are used in the report:

NOAM	National Organic Agriculture Movements (see explanation below)
IFOAM	International Federation of Organic Agriculture Movements
PGS	Participatory Guarantee System (see explanation below)
ICS	Internal Control Systems (see explanation below)

1.2 Terms

The following terms are used:

Box/basket schemes or subscription schemes

A system in which consumers subscribe to a package of products regularly. Usually the products are delivered to the consumer or to a central pickup point where they are collected.

Internal Control System (ICS)

Group certification is a concept developed over the last ten to fifteen years to allow producers to organize themselves in groups with an Internal Control System. With group certification the role of external certification is mainly to verify that the internal control of the group is working rather than inspecting the individual farmers.

National Organic Agriculture Movement (NOAM)

This term is used to describe a unifying organic sector body or network that aspires to represent the interests of the sector.

Organic assurance

In this report, organic assurance is used as a generic term to identify a system in which there is some systematic effort to assure the buyers of organic products that the products follow an organic standard. That assurance can take various forms, such as certification or PGS (see below).

Participatory Guarantee System (PGS)

A system for certification that emphasizes the participation of stakeholders, including producers, in contrast with the “objective and independent” approach favoured under international norms (IFOAM, 2004). They are often specifically designed for small producers.

Supply chain

A supply chain is a coordinated system of organizations, people, activities, information and resources involved in moving a product or service from supplier to customer.

Value chain

The value chain is the full range of activities required to bring a product or service from conception through the various phases of production (involving a combination of physical transformation and the input of various producers' services) to delivery to final consumers and disposal after use.

2. INTRODUCTION

2.1 Assignment

The assignment given by IFOAM was the following:

Main objective

Compile analytical case studies about organic local marketing systems in Africa and provide recommendations in the form of a publication.

Specific objectives of the publication

- To give an overview of and provide detailed information about a selection of local marketing strategies in Africa already in existence
- To provide an analytical overview of the factors hampering or fostering the success of these local marketing strategies and provide people who aim at starting a local marketing activity with first-hand recommendations and ideas
- To provide donors and other supporting organizations with updated knowledge of local marketing activities in Africa and ideas on how to encourage them

Domestic markets for organic products have started to evolve in Africa in recent years. IFOAM intends to support this positive development by organizing the sharing of knowledge through the elaboration of local-market case studies to encourage and deliver guidance to those who want to start local marketing activities. One way of doing that is through this report. There are good examples on how to approach and develop the local organic market in a positive way. If these examples are thoroughly investigated, it is likely that they will reveal common strategies that can be used in other countries, with a slightly different context.

The emphasis of the report is on sub-Saharan Africa. Egypt and South Africa have more developed markets than other African countries.

Target group for the publication

- The target groups for this report are the following:
- National African organic movements, African organic farmers, associations of farmers and associations of consumers, and businesspeople who seek to set up local marketing systems
- NGOs, donors and other development organizations that seek to support local marketing activities for organic agriculture in Africa
- Government officials, other policy makers and consultancies that seek to design mechanisms to develop local markets for organic products in Africa

2.2 Methodology

The study has used complementary approaches to get relevant background information and relevant experiences.

Questionnaire

A questionnaire was sent out by email to 860 addresses in Africa (duplicates and bounced emails not included). Eighty-five responses were judged organic. A list of all organic respondents with some characteristics is found in annex 3.

Case studies

On the basis of the responses, a selection of different case studies was made. The selection was based on having different types of initiatives, different countries and different products. A list of the initiatives was sent to IFOAM. After some discussions on the list, they were approved. During the course of the study, some adjustments had to be made as some of the selected case studies either did not respond to further questions or were found not to be organic in scope. There were also problems with communication. The final number of case studies received and included was five.

Marketing strategies of National Organic Movements

Parallel to the case studies, five national organic agriculture movements (NOAM) were asked to describe their marketing strategies and the type of work they are doing in this field. The NOAMs often play an important role in market development. It is assumed that their strategies have been developed after a systematic analysis of the situation in the country and that their strategies therefore reflect the perspective of the stakeholders.

Literature review of other local market research

A review was made of other studies on local marketing in Africa. For the analysis other resources were also used.

2.3 Structure of the report

Chapter 3 starts with a brief overview of the domestic organic markets in Africa followed by results from the survey. Case studies and existing literature are reviewed. In chapter 4 the marketing strategies of four NOAMs are presented. Chapter 5 takes the information, analyses it and makes recommendations. Four tools useful for emerging-market initiatives are presented in annex 2. References and resources are listed in annex 2. The entire list of marketing initiatives identified in the survey is in annex 3. Annex 4 and annex 5 contain the case studies of the market initiatives and the NOAMs, respectively.

3. LOCAL MARKET INITIATIVES IN AFRICA

3.1 The market for organic products in Africa

Exports

Certified organic production in Africa is mostly geared to products destined for export beyond Africa's shores. The value of organic exports from selected African countries has been estimated to be (2005) the following:

COUNTRY	EXPORT VALUE (US\$ MILLION)
Egypt	> 10
Kenya	> 5
South Africa	> 15
Tanzania	> 2
Uganda	> 6

Authors' estimate from various sources; indicative only.

Local markets

In general the African market for organic products is still small. Local markets for certified and non-certified organic products are growing, especially in Egypt, Kenya, South Africa and Uganda. In South Africa the major supermarkets stock organic products; in Egypt organic products from Sekem can be found in all branches of the retailers Carrefour, Metro, Shoprite and Soudi as well as in many special shops and pharmacies.

Local markets in Africa are also perceived as not working well for non-organic products. There are numerous practical hurdles related to infrastructure, market structure, bureaucracy and lack of proper information (they are the same for organic and non-organic products). This report focuses on the problems specific to organic.

3.2 Survey of local marketing initiative

Of the eighty-six responses, eighty-five were considered to be within the scope of the survey (i.e., they were organic and oriented to the local markets). There has been no verification of the claims made by the respondents (e.g., regarding their organic status).

Countries

There were responses from eleven countries. A clear majority (sixty-five) came from the East African countries Kenya, Uganda and Tanzania. This is probably a reflection of the developed organic sector in those countries. The level of cooperation within the sector and in the consultants' and IFOAM's networks is strong in East Africa. Even though the questionnaire was prepared

in French and specifically distributed to French-speaking countries, only five responses were received from Francophone Africa.

COUNTRY	RESPONDENTS
Cameroon	3
Egypt	3
Ethiopia	3
Kenya	26
Namibia	2
Senegal	1
South Africa	1
Tanzania	15
Togo	1

Structure

The type of initiative is outlined in the table below.

LEGAL STRUCTURE	RESPONDENTS
Cooperative/producers' groups	36
NGO	18
Individual	4
Private company	26
School	1

The majority are either private companies or cooperatives or producers' groups. Many of the initiatives are NGO-supported growers' groups. The example in the box from Kenya is representative.

Kamburu Organic Producers is the name of the local marketing initiative that has been in place since 2005. These are groups of farmers who have been taken through organic-farming training by the Community Sustainable Development Empowerment Programme (COSDEP)

The producers' group is located in the Kagwe area which is in the Kiambu district in the Central Province of Kenya. The producers' group came together with the purpose of learning and trying to exploit the existing opportunities in production and marketing of farm produce in order to generate income and improve their living standards. In order to accomplish this, COSDEP, through networking, has been able to link the producers' group with Family Concern, an organization that has been assisting farmers in marketing their organic produce locally. The organization links the group directly to supermarkets, hotels, kiosks, etc. The advantage that the farmers get from this organization is that there are no middlemen involved in the transactions between them and the market stores. The organization only introduces them to the various stores, and the group members are given the go-ahead to negotiate on the prices and other related issues with the stores' management.

Products

Fifty of the respondents marketed fresh products. Processed products show a wide variety: dried fruit and mushrooms, oils of various kinds, honey, teas, jam, pickles, milk, yogurt and

cheese. One company in Tanzania, International Tea Packers, buys from a certified organic-tea plantation, packs the tea and sells it on the local market under the brand Chai Bora. They sell 350 tons of tea per year, an impressive amount.

Geographic scope

The marketing scope was asked for. A majority of initiatives are purely local. But there are also some that have a wider scope. Regional is here seen as a part of a country as we do not look at export. However, this was not made very clear in the questionnaire, so regional may also have been understood as including countries nearby.

MARKETING SCOPE	NUMBER
Local	40
Regional	22
National	23

Market chain and final sales channels

There is a wide variety of ways to market and sell the products.

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

In the case of sales to wholesalers, it is not clear to whom these wholesalers sell, but in most cases it is likely to be a shop. Most organic products are sold through shops; in a few cases the shops specialize in organic products. One would have expected the tourism sector to be one of the primary targets for organic products. However, only two of the case studies mention sales to hotels. MEATCO (MEAT Board of Namibia) has a national initiative for the marketing of Namibian organic beef, mostly for the tourism industry.

Online sales

Sekem in Egypt and Organics online in South Africa sell organic products on the Web. Organics online has more than eighty product lines. The Sekem organic online store (<http://www.organicisis.com/>) sells coffee, tea, juice, oriental drinks, herbs and spices, whole food, whole grains, honey, dried fruits, oils, vegan cheese, cereals, sweeteners and sugar, snacks, spreads, food supplements, milk and eggs.

Organic assurance

The ways to assure the consumer that the product is organic are grouped in three main types of assurance systems.

Third party	8
Self-claim	61
PGS	13

The producer can rely on close contacts and high trust with the consumer, and in such a case self-claim seems to work just fine. An approach that is developed more and more is the Participatory Guarantee System (PGS), in which the various stakeholders are involved and a common set of requirements is agreed upon. Some respondents may have indicated PGS without being aware of the real meaning, as the concept is still not very well understood. A few respondents commented on the assurance issue.

“The lack of third-party certification also poses marketing challenges in terms of quality assurance to sell their produce as ‘organic products’.”

“The products, whilst not yet certified, are recognized for their good quality and taste in large city markets across the country.”

Other learning points from the survey

The respondents were asked to share some learning points, some of which are listed below. Many of the respondents state that the lack of consistent and reliable supply is a major limiting factor. In addition the quality is often low.

When it comes to pricing, the experiences are mixed. Some claim a substantial premium; others report that there is little willingness to pay.

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

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

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

“Little appreciation of whether the products are organic or not organic on local market.”

“Difficulties to sell bark cloth on local or national level because it is considered cheap stuff in Uganda and customers are not willing to pay a premium for organic quality.”

Other comments were the following:

“One needs to be organized right from production to the end product with a target market.”

“One of the few shops selling organic produce in Tanzania has been well received with many customers, mainly foreigners but also locals.”

3.3 Case studies

On the basis of the responses to the questionnaire and some other information a selection of case studies was made. The selection was based on having different types of initiatives, different countries and different products. The cases feature the following:

COUNTRY	TYPE OF INITIATIVE	ORGANIC ASSURANCE	MARKET SCOPE	PRODUCTS
South Africa	Market	Third-party certification and PGS	Local	Fresh produce, dairy products broad range
Tanzania	Producer group	Self-claim	Regional	Dried rosella, rosella products, mushrooms
Zambia	Single farm with own marketing and shop	Third-party certification	Local	Fresh produce, herbs
Kenya	NGO	PGS, self-claim	Local	Amaranth
Senegal	Farmers' market	PGS/internal certification	Local	Wide range

The cases are described in brief below. The full cases are available in annex 4.

Bonde la Chemchem Sabuko, Tanzania

The founder, Miriam Ng'maryo, planted the first rosella¹ seeds on her farm in Sabuko in 2003. She started by introducing the idea to her farm employees and then to her neighbors in 2004. This led to the formation of the group Bonde la Chemchem Sabuko (BCS), which is involved in the production and marketing of dried rosella and processed rosella products. The group has expanded into mushroom production. Sales of rosella products go through BCS while mushrooms are traded directly by farmers and smaller farm groups. The group has established its own shop but also sells to other shops, restaurants and hotels. Exhibition is a major sales channel for the processed products. The group has no external certification and no elaborated system for organic assurance; however, the system can be seen as an informal PGS. The emphasis in the marketing is on the product, not that it is an organic product.



Weekly market for organic products in Thiès, Senegal

The weekly market in Thiès is organized by Agrecol Afrique in cooperation with the municipality and the Network for Women in Organic Farming and Fair Trade. There are twenty market stalls

1. A kind of hibiscus.

and the market is open every Saturday. A wide range of products is sold. The stalls are operated by producers themselves, retailers or processors. It operates according to the same principles as other markets in the city. The municipality organizes the infrastructure and collects fees from the market. Agrecol operates an Internal Certification System to ensure that producers follow organic standards. Prices are negotiated between the stall operators and the fair organizers and are generally not very different from the prices in the conventional markets – sometimes higher, sometimes lower. There are warehouses available to stall holders and also a revolving fund for credits.

Bryanston Organic Market, South Africa

The Bryanston Organic Market (BOM) began in 1976. BOM provides trading space and retail infrastructure to a number of traders, crofters and producers. In 2005 they initiated their own PGS to ensure that non-certified producers comply with a set of draft guidelines based on the South African Department of Agriculture Standards for organic production. BOM finds the PGS route of customer assurance a very good alternative to formal certification. BOM operates in an exceptionally wealthy neighbourhood. BOM has twenty-two food stalls and four restaurants. A smaller proportion of the products is certified organic. Some products are imported. Product range: fresh produce, dairy, meat and fish, dried fruit and nuts, deli, cosmetics, jams, pickles and preserves, cake and bread.

Foxy Organics, Zambia

At the beginning of the year 2000, the owner, A. de Vos, decided to start a pilot project on organic farming. In May 2000 several plots were inspected and certified for organic production. The first crops were planted in January 2001. Today the farm, which is part of a large conventional farm, produces fifty products, some of which are processed (e.g., chutney, jams and vinegar). Apart from their own Foxy Organics shop and the market stall, two wholesalers, six retail shops and a restaurant are supplied. Most of the products sold are from their own farm, but they also buy from two other organic farmers. The production is certified. For a while a subscription system was organized, with deliveries through a school. The initiative is financed purely by the company's own capital, and it took five years to break even. A very small price premium is charged for the organic products. Clients are to a large extent expatriates. The supply of packaging materials has posed challenges.



Strategic Poverty Alleviation Systems, Kenya

Strategic Poverty Alleviation Systems (SPAS), an NGO, promotes trade in and consumption of organic traditional foods and medicinal resources, especially grain amaranth. SPAS works with groups of farmers trained in organic production and marketing. The emphasis in the marketing is the nutritional value of the amaranth rather than the organic origin of the product. No price premium is charged for organic amaranth as opposed to conventional. SPAS maintains its own Internal Control System to ensure that farmers are organic and that their products are of good quality.

SPAS cooperates with many institutions both for the products and the consumption of the organic amaranth. In 2006, around 1,500 tons of amaranth was produced by the contracted farmers. Most of this is consumed by SPAS and its partners, which include health providers. The rest is traded by the farmers themselves.

An initiative that was not successful

The Mirichi Organic Farmers Association (MOFA) was an organization consisting of farmers from the Gichugu division of the Kirinyaga district in central Kenya. The farmers were introduced to and trained in organic farming by the Kenya Institute of Organic Farming (KIOF) between 1998 and 2001, after which time a foreign development organization took over to assist the farmers in establishing markets for their products (local and export).

However, the idea failed because of the lack of properly laid out strategies for achieving the common goals. In this case, the development organization did not pass information properly to the farmers regarding the cost sharing of the whole process (i.e., regarding certification, transport and remuneration of the staff engaged in the process). The staff in the production process were also demoralized, because their terms and conditions of assignment were unclear from DIP. Their demoralization affected them negatively. In addition, the farmers from different areas or production groups started to raise suspicions about one another and towards the coordinating desk, demoralizing their leaders, who were working on a voluntary basis. These problems led to the collapse of the initiative before the farmers got to benefit from it.

3.4 Other local market research

Some other recent African organic market research is summarized below.

South African market study (EPOPA 2006)

In a market survey and forecast conducted by the African Organic Farming Foundation in 2005, Buffee estimated the value of the South African organic market to be US\$15 million across all categories of produce. The bulk of the organic production in South Africa is still exported, mainly to the European Union. There are also imports to South Africa from Zambia, the European Union countries (especially the United Kingdom and Germany), the United States of America, Australia, and New Zealand. Imports cover the full range, from production inputs to food.

Vegetables and culinary herbs, consumed both as salads and cooked food, form the core of the organic produce sold in South Africa. Certified organic fruit is typically exported before being made available to the local market. This is definitely a result of the demand from Europe and the higher prices paid in the export markets. This trend is changing with a limited supply of high-priced certified fruit being available on some supermarket shelves.

Sales to the supermarket chains, such as Woolworth's and Pick 'n' Pay, are seen by many producers as their first domestic marketing strategy. However, the challenge of achieving economies of scale of production of high-quality produce, packing and transportation to the food-distribution centres of the chains is in itself daunting to many, especially small-scale, producers, who do not have the required infrastructure. Premium consumer prices do not necessarily translate into premiums being paid to the producers, especially when the products are sold through the retail chains.

Farmers' markets and box schemes provide marketing avenues for both certified and "organically grown but not certified" produce. A consequence of this approach is that suppliers and consumers are able to establish personal relationships with each other. One such farmer's market is the Bryanston Organic Market (www.bryanstonorganicmarket.co.za).

Many organic farmers are engaged in farm-based, value-added processing, examples being bottled milk, yoghurt, cheese, dried culinary herbs, milled grains, olive processing, edible oil extraction, aromatic oil extraction, and the pulping of guavas. Professional food-processing companies are opening up to the organic market. Examples range from the manufacturing of peanut butter to the spray-drying of rooibos tea extract and the processing of soybeans. The rooibos tea industry is most likely the largest of the professional processing industries handling certified organic produce, being responsible for fermenting, drying, and packaging (bulk and retail) for both the domestic and export markets.

The Natural and Organic Products Exhibition (NOPE), organized by SE Shows and Events, is held annually, the venue alternating between Johannesburg and Cape Town. This is seen by the industry as the primary showcase for organic products in South Africa. It is a major opportunity for the establishment of trade links for both the domestic and international markets.

Three Internet-based suppliers of organic produce are the Ethical Co-op (www.ethical.org.za), Earthmother Organics (www.earthmother.co.za), and Organics Online (www.organicsonline.co.za).

Cooperation within the organic sector has been weak in South Africa. The weak cooperation has hampered the development of the domestic market, as there has been little cooperation with or coordination of the development of local markets.

Opportunities for domestic organic market in Tanzania (EPOPA 2004)

Most Tanzanians have little awareness and understanding of organic products. The few who are well-informed about the importance of organic products do not get the desired range of organic products in the local market. For the minority who go for organic products, one can easily point out that there is no complete product range to satisfy the organic market as compared to conventional products that are readily available, their quality and prices ranging widely. The organic goods offered appear to be very expensive to the common consumer. Currently about ninety per cent of the demand for organic produce comes from the expatriate community.

Only ten percent of organic customers consist of local people, mainly persons concerned about health and elite Tanzanians.

- Supply often starts by trial and error rather than by design. This is due to the undeveloped market.
- Stockists start with a limited range and limited quantities of products.
- Most of the organic supplies to the local market are of non-certified products.
- The only certified products are organic coffee and tea.
- The supply does not meet the demand of organic products.

It was evident from the study that there was little no coordination among the various actors and no concerted effort to develop the local market.

Local market study for Tanzania (Envirocare 2006)

High interest in organic food was demonstrated among 130 people interviewed in the Dar es Salaam and Kilimanjaro regions. Despite difficulties identifying organic products due to a lack of certification brands and lack of knowledge about organic agriculture, more than half of the interviewed consumers confirmed that they consume organic food and have done so for more than ten years. They identify organic products by taste, freshness, naturalness and appearance. Consumers are stuck with a market situation in which food from organic “by default” and other farming practices are mixed up. The potential for increased organic production is high, because people are concerned about their health and the environment. Greater awareness among farmers and consumers about food safety and health is an important benefit from increased organic agriculture. To increase and develop organic agriculture in Tanzania, it is crucial to establish pilot projects to develop local markets for organic products.

Consumer survey of attitudes and preferences towards organic foods (IFOAM 2006)

A survey of 600 consumers in the major cities² of Kenya, Tanzania and Uganda showed that many don’t know or are not sure about what organic is. Even most of those who say they do know what organic is are not fully conversant with what organic entails.

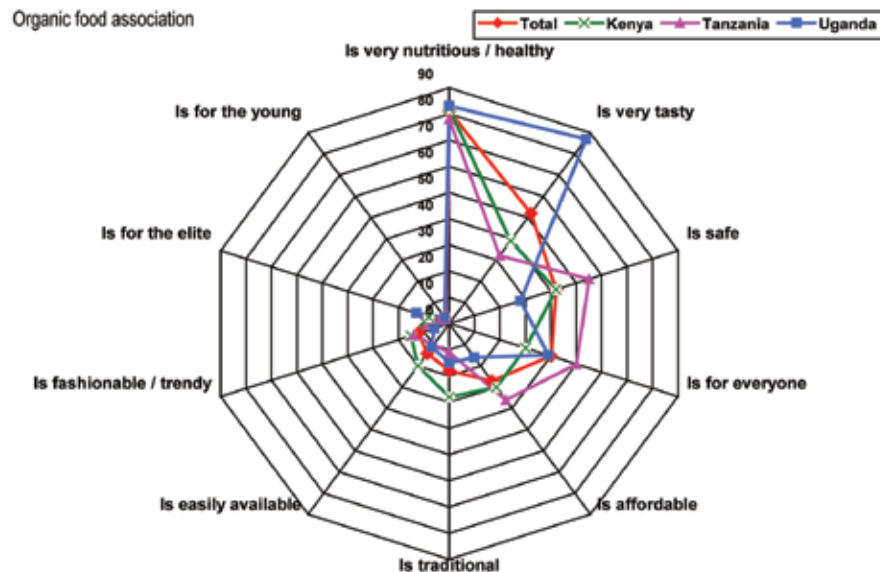
What do you understand by the term organic foods?

- Thirty-eight per cent don’t know or are not sure about what it means
- Natural foods (twenty-six per cent)
- Foods without chemicals (seventeen per cent)
- Foods not sprayed with pesticides (nine per cent)
- Traditional or indigenous foods (eight per cent)
- Foods grown with manure (six per cent)
- Herbal foods (three per cent)
- Healthful, nutritious foods (three per cent)

2. This selection obviously means that the respondents are not representative of the total population in the countries. Nevertheless they represent the primary target group for local organic markets.

The majority of those who are unaware belong to the lower socioeconomic classes and because they form a larger proportion of the population, awareness in the region can be termed as low overall. It is not surprising therefore that consumption levels are modest or low; slightly over half the sample have never consumed or considered consuming organic.

Ugandan respondents scored highest in awareness. It shows that the awareness creation in Uganda is bearing fruit. This also corresponds to the number of respondents who have heard or seen advertisements or promotional materials regarding organic food. Consumers identify organic products with nutritious, tasty and safe food; see the graph.



Thirty key informants from hotels, shops and restaurants were positive about organic but mentioned a number of challenges:

- Very limited and unreliable supply of organic products
- Most people do not know or understand much about what organic products are
- Those who know are few, and amongst these the demand is high, but demand overall for organic products is low
- The higher prices of organic products are also a deterrent

On how their customers verify that the products are organic, most key informants said that they provide designated places in the business premises for organic products or menus for restaurants and hotels. When their consumers select from these designated places, they know they are selecting organic products. Others also said that the organic products are clearly labelled as such while some said that the consumers ask for their guidance on what is organic vs. non-organic. Generally, they said, their customers are comfortable with these methods of verification but sometimes ask a lot of questions about the source so as to be completely reassured. Most key informants were aware neither of the standards for organic products nor whether their suppliers had certification. A few whose businesses are solely organic were aware of organic standards and whether the suppliers were certified.

Key informants were asked to give their opinion on what key issues consumers should be educated on concerning organic farming. An overwhelming majority said that the consumers simply need to be educated on what organic farming and products are all about and more so on what the benefits of consumption are. Most key informants believed that if only more consumers knew, they would definitely prefer to consume organic products as opposed to non-organic. This knowledge they felt would best be imparted through the mass media (radio, TV and newspapers), and the bearers of this message should be producers, suppliers and manufacturers with governments also participating, particular line ministries such as health, trade and agriculture. Other participants could be NGOs also involved in health issues, agricultural issues, or both.

4. THE MARKETING STRATEGIES BY SELECTED NATIONAL ORGANIC MOVEMENTS

4.1 General

As marketing is a key concern for most farmers, many of the National Organic Agriculture Movements (NOAMs) have developed ideas, projects or strategies on how to develop the local markets. Depending on the different stages of development and where they have placed their main focus, the attention to local market issues obviously varies between countries. They work mainly by giving market information, building capacity, and establishing linkages that encourage producers to take advantage of the local market. In some cases they are going further and establishing outlets for members on the local market.

4.2 Kenya Organic Agriculture Network (KOAN)

The Kenyan domestic organic market is expanding rapidly. Currently there are ten retail outlets in Nairobi and others scattered in the main towns in Kenya that are selling organic products. One supermarket chain, Nakumatt, has started recognizing organic products by placing organic fruits and vegetables on distinct stands within their fresh produce sections. There are also more than 50 herbal clinics in the country which are also promoting healthful eating through organic diets.



A survey of self-proclaimed organic retail outlets showed the absence of certified organic products, as most labeling of products was informal. “Certified organic” products are usually few and most of them come from outside of the country, mainly from Europe.

Organization of market development work

The Organic Marketing Assistance Programme (OMAP) is the marketing arm of KOAN with the specific responsibility of providing technical service to support the development of the organic market.

Promotion

It is essential for KOAN to engage in promotional and awareness-creation strategies to interest more consumers and build a consumer base. KOAN has already started these activities by holding the recently concluded farmers’ market during this year’s Ecofest 2006. The farmers’ market was a success.

Organic assurance

KOAN has developed a national standard for organic production and participated in the development of an official Kenyan standard for organic production. KOAN has recognized that

third-party certification is too costly and demanding for small farmers and therefore promotes the introduction of a PGS. The PGS designed by KOAN has four levels or actors:

1. Farmers: produce organic food
2. Farmers' groups: organize the delivery to the market, keep basic records and an ICS
3. NGOs oriented to extension and training: extension service, training; spot-checks the system
4. KOAN: training of trainers, design of forms, licensing of the mark, promotion, linking producers to the market, and spot checking the ICS system

The system is under revision and further development.

Market information and market linkages

OMAP works with training institutions to get farmers organized in strong groups that can be reliable partners in the organic value chain. Marketing support is one of the central areas of OMAP's work. OMAP provides regularly updated information and website and database facilities, establishes and develops linkages with organic and fair-trade buyers, and promotes the sector and represents it at trade fairs. These activities and services are provided to KOAN members.

Technical support

OMAP provides technical expertise to KOAN members in the areas of organic market and product development. It offers advice and specialized training to farmers from the small-scale producers to the commercial export operators. OMAP assists producers in preparing for organic certification. The services also provide guidance in organizational and business management.

4.3 National Organic Agriculture Movement of Uganda (NOGAMU)

NOGAMU established a store for organic products in Kampala in 2001, through which its membership can access the local market. The store has grown, with monthly sales rising from UGS170,000 in January 2003 to over UGS2 million in December 2004. NOGAMU also has three contracts for supplies to schools and restaurants. Further local marketing efforts by Uganda's organic movement have resulted in some producers being able to supply local supermarkets with organic goods, such as dried fruit, honey and muesli.

NOGAMU has developed a number of strategies to help organic producers market their products in Uganda.

Organization of market-development work

NOGAMU has a special market department as well as a standards' department.

Organic store and box plan

It currently runs an outlet in Kampala for the marketing of organic products. This is an outlet where members bring in their organic produce and products for sale to consumers. Suppliers to the store are provided with guidelines which they must read, understand and agree on before

being allowed to begin supplying the store. In order to increase local sales of organic products, the store introduced a box plan as a service to customers who are sometimes discouraged to go shopping because of the constant traffic jams in the city.

Promotion

NOGAMU is also involved in raising awareness among consumers. This has been done through the production of information materials that include brochures, posters, leaflets and placing of adverts in the major local newspapers. The leaflets are given out to potential organic consumers during sensitization meetings, workshops and seminars and to all those who visit NOGAMU's office and the store. T-shirts and caps that have the NOGAMU logo inscribed on them are also produced and sold at subsidized rates. NOGAMU also celebrates "NOGAMU" day and organizes and coordinates participation of members in many other relevant local trade shows.

Organic assurance

NOGAMU spearheaded the development of a national organic standard, the Uganda Organic Standard (UOS). In 2004, a local certification body, the Uganda Organic Certification Company (UgoCert) was registered, of which MOGAMU is a main shareholder. The marketing department also carries out verification of the locally traded organic products but does not certify. This system is the start of a PGS system, which is incrementally evolving.

Market linkages

NOGAMU's local marketing initiatives have included the creation of market linkages among organic producers and processors to enable the respective farmers' groups to exploit these market opportunities. Identified producers of, for example, mangoes, pineapples and apple bananas are linked to processors to whom they sell directly. Meetings and workshops are organized for the organic producers, in which bulk buyers, support organizations and consumers are invited to interact with these producers.

Technical support

NOGAMU's staff is involved in the provision of technical support to the farmers' groups involved in production and processing. In so doing, a number of improvements of the products are registered. The result is high quality products that can favorably compete with imported and local conventional products in the various stores. The farmers are also trained in production and processing of various products. This is to encourage members to increase their range of organic products to give consumers a wider choice of organic products.

Other support

Organic processors are also supported in accessing packaging materials which are usually imported from Kenya and sold to them at subsidized rates.

4.4 Organic Producers and Processors Association of Zambia (OPPAZ)

OPPAZ has focused on supporting their member companies in realizing their export aims. They have put the most emphasis on developing their contacts with the European market, as it is the major market for Zambia's organic products. They have also acted as facilitators between buyers and producers by participating in national and international trade fairs.

As a way of expanding market opportunities for organic producers in Zambia, OPPAZ is focusing on developing both the domestic (local) and export market. The local marketing initiative has developed from the realization that those organic producers who are not able to access the export market could use the local market to sell their products. The local market also provides a stepping stone upon which to enter the export market.

Promotion

OPPAZ recognizes that creating and promoting local consumer awareness on the value and benefits of organic products are important. The promotion of local consumer awareness will be achieved through the following marketing strategies:

- Personal selling and marketing to customers at organic stores, farmers' markets, supermarkets, field days, companies, corporations and community clubs
- Printing and distribution of leaflets and other promotional materials also provide the necessary marketing information about OPPAZ, products from member producers, etc.
- OPPAZ will maintain relationships with the media people who are interested in publicizing organic issues and supporting the organic movement. Articles on organic farming are being published in the printed media such as newspapers. Other means for creating public awareness are newsletters, magazines, press releases and advertisements in local newspapers that have a wider circulation. Media people are more willing to publish information that is in harmony with most of the Government's policies, such as promoting agricultural, environmental and health issues. It is important that the media people re-emphasize the direct benefits of organic agriculture on the environment, producers and the consumers.

Strategic alliances and collaboration with like-minded organizations such as NGOs and buyers are necessary for the promotion of organic consumer awareness.

Organic assurance

As a way of developing the local market, OPPAZ is facilitating the development of national organic standards with other stakeholders, a logo for organic products and a certification service for the local market. OPPAZ also offers pre-certification advice to producers and processors.

Market information and linkages

OPPAZ's work with market information and market linkages is primarily oriented to the export market.

Technical advice

OPPAZ assists in the design and implementation of Internal Control Systems, aiming not only to ensure that the product is organic but also that the product's quality standards are maintained.

Other

OPPAZ wants to engage more in product development and encourage farmers to diversify their production.

4.5 Tanzania Organic Agriculture Movement (TOAM)

TOAM has not yet played any significant role in the development of local markets. It is in the process of recruiting a person responsible for market development. It has a significant role to play in increasing and strengthening the capacity of both small- and medium-scale producers for the fair market trade of organic products in the domestic market. There are capacity challenges on the side of smallholder producers in accessing markets for their produce. Thus capacity building is necessary to enable producers to address the marketing challenges but also to link them with efficient buyers as actors in the marketing chain. To carry out this strategy, TOAM plans to work with zonal offices, members and collaborating partners in facilitating training and other capacity-building initiatives, market information and market linkages.

Activities planned to be undertaken include workshops for organic operators on quality management and market requirements and training courses for building negotiation capacity and empowering smallholder farmers in entering into contracts with buyers. TOAM will further facilitate market linkage meetings between organic producers and buyers and facilitate members' and exporters' participation in national trade fairs and exhibitions.

4.6 The East African organic products standard and the East African Organic Mark

Through the close cooperation among the three NOAMs of Kenya, Tanzania and Uganda, supported by IFOAM, UNCTAD and UNEP, an initiative to develop East African organic products standards was launched at the end of 2005. One of the main purposes of a regional standard is to promote local marketing, facilitate regional trade and raise awareness in the region. This standard was developed by a stakeholder group with representation from the NOAMs, local certification bodies and the (governmental) bureaus of standards.



Linked to this development, various consumer awareness-raising activities are planned. An East African Organic Mark, owned by the three NOAMs, has been developed and will be available to all producers that conform to the East African organic products standard.

It is expected that the Organic Mark and the consumer awareness campaign will lift the local markets considerably and contribute to the development of the regional market. The mark and standards are to be launched in May 2007.

5. ANALYSIS OF THE CASE STUDIES AND MARKETING STRATEGIES; RECOMMENDATIONS

It must be stressed that the case studies and the research done for this study are not sufficient as a basis for extensive recommendations. Thus the following recommendations are only to some extent based on the case studies and the strategies of the national organic agriculture movements. In addition, other studies and common market knowledge has been applied. Marketing initiatives must be targeted to the actual markets and be based on the prevailing conditions, and as these differ widely, standard recipes are hard to define. The experiences from the cases and the analysis in this chapter can be combined with the tools in annex 1 to work out a strategy for the specific initiative.

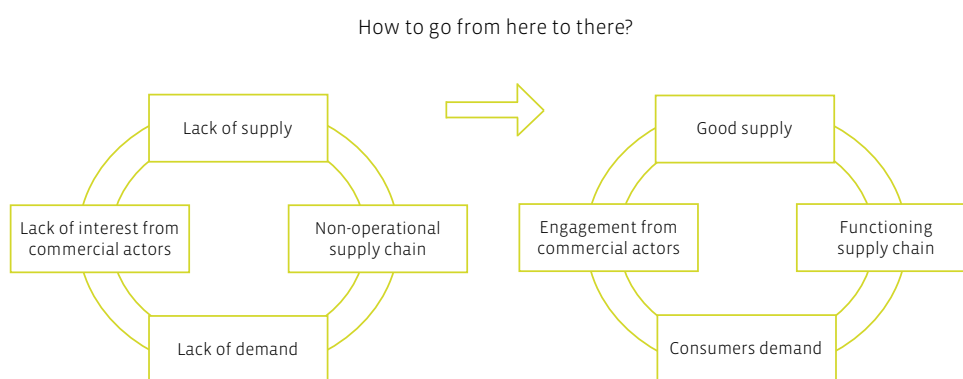
5.1 General

An “average” SWOT analysis of an organic market in Africa is presented below. It assesses the organic market as compared to the conventional market. Factors affecting both in a similar way (e.g., bad infrastructure, high costs of credit) are not included.

Strength	Weaknesses
<ul style="list-style-type: none"> • Existence of national organic movement • A good proposition and message • Enthusiastic people engaged for the task and the vision • Some successful pioneers • Existence of national standards • Many organic farms • Export sector with developed supply capacity and high quality standards 	<ul style="list-style-type: none"> - Erratic supply and low quality - Lack of organization of the supply chains - Farmers and farmers’ groups are not strong enough to play a role in the value chain - Low consumer awareness - No clear, common identification of organic products in the marketplace - Low involvement of commercial actors - Perspective on marketing oriented too much toward the farmer - Organic assurance systems are undeveloped - Low marketing skills among the people involved - Too much attention to the export sector - Weak development of processing - Unclear distinction between organic and traditional farming - Image of organic sector is weak

Opportunities	Threats
<ul style="list-style-type: none"> • International trends reaching local markets • 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) • Great opportunities to rapidly increase supply from “default organic” producers 	<ul style="list-style-type: none"> • Governmental programmes that harm organic (e.g., DDT spraying or subsidies of fertilizers) • Government or retailers launch competing scheme • Fraud in organic products (i.e., conventional products being sold as organic)

For an explanation of a SWOT analysis, see annex 1.



In the cases, different factors are identified as limiting development, in particular a lack of a reliable supply, a lack of demand and deficient supply chains. In addition to those three (not pointed out clearly in the cases, though), **the lack of business interest is perhaps as important**. Other issues are mainly a subset to these main factors.

It is essential to work with all four aspects and not one-sidedly invest in just one of them. It is pointless to increase production without proper development of the supply chain or without any consumer demand. But it is equally pointless to stimulate demand if there is nothing to sell. To some extent this represents a catch 22 situation: farmers don't want to produce unless they are assured a market, buyers will not commit themselves unless they are sure there is a market, and they can't test the market as there are no products to sell.

In a small start-up market, it is clear that integrated chains are most successful. For example, Foxy Organic in Zambia and Green Dreams in Kenya are both stores owned by (women) farmers who supply many of the products from their own farms while also buying from others. Both are examples of the commercial entity (the store), the farm and the supply chain being in the same hands. Other successful initiatives are markets, such as the farmers' market in Thiès and Bryanston. The supply chain there is short and direct and under the direct control of the parties involved. Sales from many farmers to distant buyers are a far more demanding venture,

in particular as regards quality control and ensuring a regular supply. Costs of distribution can easily get very high. Processing is also likely to be more successful if in an integrated chain (i.e., the processor and the producer are the same or very closely linked to each other).

Organic product chains need to be transparent and products traceable so that people who buy organic products can be sure that they come from an organic farm. This is in stark contradiction to how local markets work in many African countries, where products are traded by many actors on many levels without any transparency or traceability¹. Because of the demand for traceability and the organic assurance, it is only possible to mimic the conventional market structures if all these independent actors are part of an organic assurance plan (e.g., certified as organic operators). That is not likely to happen soon. **Organic chains, therefore, must to a very large extent be integrated (i.e., defined groups of producers are contracted by companies that work with a limited number of buyers)**. Such integrated chains have long-term promises of higher returns to the parties, fairer trade, good quality and empowered actors. However, in the short-term they are much more demanding to set up and are a major, risky investment, normally on the part of the contracting company. They also can make farmers too dependent on the company. Understanding this fundamental difference between organic market chains and most conventional market chains is of importance when defining marketing strategies for organic².



1. For better insight into the complexity of trading systems and how many actors are involved, the study “The Spice Industry in Tanzania” (Adam Akyoo and Evelyne Lazaro, *DIIS Working Paper* No. 2007/8) is useful. The study also has a comparison between the organic and the conventional spice trades. Available at www.diiis.dk.

2. It should be noted that with the introduction of supermarkets, the conventional markets are also changing.

5.2 Consumer demand and promotion

Consumer demand is assessed to be rather good in many cases, as the surveys conducted show. The current market share of organic in most of the countries is very small—perhaps less than a per mille. In that case a target group of just one percent or two percent of the population should suffice for many years of growth. The organic movements, understandably, want to spread the organic message far and wide, but from a marketing perspective only, it is probably much better to focus on the key target groups for organic products, and it is surely more economical than promotional campaigns covering an entire country. In addition, the organic message is a bit complex and hard to convey in simple advertising campaigns. The cases feature a number of examples of low-cost promotional measures, such as door-to-door advertising and participation in annual trade fairs. The different marketing initiatives apply a wide range of methods to communicate their products and organizations to consumers. The following is a list of the most common methods applied and others that have not been mentioned, but reported by others³.

Consumers' meetings. Engaging the consumers can be a powerful strategy. The Thiès market works closely with the municipality and women's groups. Bryanston engages "anchor customers" and a school parent association in its promotional efforts.

Printing and distribution of leaflets. Promotional materials are printed in mass quantities and distributed, providing information about the organization, its products and, sometimes, its activities. The format is generally a leaflet of one or two pages.

Mass media. Articles are published in printed media such as newspapers and magazines describing the benefits of organic agriculture. Many organizations maintain relationships with journalists who are interested in the issue and support the organic movement. Press conferences are sometimes held. Press releases are another way to further the local organic movement. OPPAZ notes that it is easier to interest media if there is a clear link to governmental policies. A good article by a journalist can do more than a paid advertisement and comes at no cost (but not in all countries). Radio is reportedly a very effective medium.

Direct marketing. The farmers' markets or store itself present a forum for person-to-person marketing of organic products. This forum allows consumers to inquire about organic products or agriculture directly from the producer or staff of the marketing organization. The IFOAM consumer survey reports that the producer is an important and credible message bearer. Direct marketing may also be undertaken through door-to-door campaigns (Thiès market).

Word of mouth. Publicity may also be generated through personal interactions among consumers. If consumers are satisfied, they may recommend it to their friends and colleagues. This would also help spread information about organic agriculture and the organic movement in general.

Field visits. Field visits are regular meetings between consumers and organic producers. By sharing experiences and offering suggestions, participants have found these meetings useful.

³ Some of the examples are from the IFOAM report *Developing Local Marketing Initiatives for Organic Products in Asia*.

Consumer newsletter. Some organizations send newsletters to their members or regular customers. These newsletters include information about upcoming events, articles about organic agriculture or health issues, and recipes. To this end, these organizations have prepared a consumer register with the names of regular consumers and members.

Display information and photographs. The Thiès market has produced a video – and even songs.

Participation in trade and food fairs. Organic producers can display and sell their products at these events, which are regularly organized in most countries at both the national and local level. This is reported from most cases. In South Africa there is even an “organic fair.”

Linking with consumer organizations

Some of the cases (e.g., the Thiès market and SPAS) report how they work with consumer groups. There are considerable benefits from working closely with organizations that can spread the organic message internally and externally. Such groups don't have to be consumer groups. They can be any kind of group that engages people around a cause close to organic (e.g., health, the environment, sexual equality and social development).

See more about promotion also under other headings (e.g., organic assurance).

5.3 Where and how to sell?

Successful marketing must be adapted to the local market structure and conditions on the one hand and to the aspirations and abilities of the farmer and marketing initiative on the other. There are principally three models for domestic marketing.

1. The open-market system (general food stores, specialized stores, restaurants and hotels)
2. Direct producer-consumer relations (farmers' markets, box plans, on-farm sales, etc.)
3. Public market (sales to public institutions and public events)

The open-market system

The organic store

Most city consumers buy their products in stores. In many countries, a dedicated “organic” store is the first way to sell organic products. Foxy Organic is an example. Dedicated organic stores tend to reach the dedicated organic consumer (i.e., a consumer who has already made up his mind that he wants to buy organic). The staff (often the owner) is knowledgeable about organic and can explain many things to the consumers. This is a strong side. A weaker side is that there is little outreach by such stores, compared to when “normal” consumers find an organic product in their “normal” store.



The “NGO store” is also a common pioneer (e.g., the NOGAMU store). Often this doubles as the meeting point for the NGO and is very oriented to the dissemination of information. Such a store can have an important role to play, but is clearly not a substitute for commercial initiatives and should avoid competing unfairly with commercial initiatives (e.g., by ensuring that the margins in the store are sustainable).

For a store, location and presentation of products are two critical factors (see under farmers’ market for recommendations regarding location). It is important to ensure proper quality, but also that quality is maintained (e.g., by coolers and regular misting for the vegetables). A major challenge for an organic store is to ensure a sufficiently wide variety of products so that consumers buy many things and not just some vegetables (or whatever product the store has much of).

Supermarkets

In Africa supermarkets are also picking up organic products, playing a growing role in the organic market. However, working with organic products in the mainstream market also entails some challenges.

- The general food stores are demanding customers. They need large amounts of uniform quality all year round. These requirements can be difficult or even impossible for producers to meet, especially small-scale producers. The large retailers often find it easier and prefer to work with bigger producers with specialized production.
- In the marketing of organic products, the large mainstream market actors, retailers, wholesalers and processing companies sometimes find it tricky to talk about organic values and benefits, since this is seen as criticism of the conventional products, which are still the major part of the production and sale.
- The premium prices on organic food are generally lower in the supermarkets than in the specialized stores. This is often due to lower costs per product when handling bigger amounts, but there is also a risk of price pressure towards the farmers/producers.

Also for supermarket sales it is a benefit if there is a wider range of organic product on offer, although it is not as important as for the organic store.

Many of the NOAMs and NGOs report that they have assisted farmers in the sales to supermarkets, but also that it is very challenging and that initiatives often fail as a result of insufficient quality and quantity and irregular supply.

When selling in supermarkets, the question is also this: should the organic products be presented in a separate space (an organic corner) in the store or should they be available where the comparable conventional products are displayed? There is not enough experience in Africa to judge what works best. Even in more developed markets such as the European, experiences are mixed. Having a dedicated organic space surely makes it a lot easier for committed organic consumers to find what they want. Also it makes it easier to have more information and promotional material on display. However, an organic corner is not likely to influence the less committed shoppers. But if the organic carrot is next to the conventional, the chances increase that the consumer will try it, out of curiosity, by mistake or on an impulse. Far too often a

special organic area doesn't have a proper cooler so the organic veggies wilt in the heat and give the consumer a bad impression.

Catering and hotels

Similar constraints to those encountered when selling to supermarkets appear in the supplying of the catering and hotel sector. They want regular supplies of good quality delivered to their door, and it is rare that producers' groups can satisfy those demands.

Direct sales

This could be on-farm sale, sales at currently operating farmers' markets or home deliveries, or sales at special events and exhibitions and gatherings of organizations sympathetic to organic. This is clearly a common model. It involves little investment, has short supply lines, relies on direct communication between producer and consumers, and the producers themselves are the commercial actors. On-farm sales have not been reported in the survey, but they are still likely to exist, though they may not be very important. One major limitation is that farms are hard to access, and lack of transport is a common constraint in Africa. On-farm sales combined with tourism are probably a more successful option. Gibbs Farm in Tanzania (Ngorogoro crater) market themselves with this pitch: "Organic Coffee is grown, processed and roasted on the Farm, and a vast 10-acre organic fruit and vegetable garden provides 90 percent of the ingredients needed for fresh, home-cooked meals" (www.gibbsfarm.net).

Farmers' markets serve several important purposes. Besides offering a good marketing opportunity to small producers, they are of strategic interest for market development and general promotion. In the ever more anonymous market, the consumer can more easily appreciate the organic values when there is direct contact with an organic farmer or producer. It increases the product identity and the consumer's trust in organic in general. As noted by Foxy Organic: "The sales at the market were not very good, but helped a lot in creating awareness and are continued up till now."

The Thiès weekly market, Bryanston, the Juba market in Kenya and ad hoc farmers' markets linked to events such as the Ecofest in Kenya show that the farmers' market is appealing to consumers.

The location of a farmers' market is a factor crucial to its success. The location should ideally have the following characteristics:

- Accessible by private, commercial and public transportation
- Parking should be available
- Visible by passers-by
- Available year-round
- Close proximity to commercial or office areas will increase potential customers
- Sufficient space for current needs and for any future expansion

A basket home-delivery plan has been introduced by NOGAMU to increase local sales. The intention is to make it easier for customers to get their organic food supplies through e-mail orders. Foxy Organics tried with a subscription plan but closed it down. It is relatively demanding to operate such plans, and they build on very engaged consumers.

Public institutions

The public sector is in general still an undeveloped part of the market. SPAS indicates that it works with hospitals. The key obstacles are the lack of regular and reliable supplies (especially for fresh vegetables), limited product varieties, possibly higher costs, and lack of commitment of the kitchen staff to accommodate seasonal variation. Unless operated on a local level (e.g., a farmer or a group of farmers supplying a local hospital), the logistics involved are a big challenge. They are not recommendable unless the sector has reached critical mass. One opportunity is to try to work with commercial companies that already supply the institutions, rather than building up the infrastructure yourself.

Auto-consumption

By making the producers use their own product to enhance the health status of their families, a strong connection and ownership of the product is created. This is seen in BCS (rosella tea and drink) as well as SPAS (amaranth seeds). Apart from being useful for the nutritional status of the producers, it gives the farmer a better feeling for the quality issues and it enables him to communicate the value of his product to consumers.

Conclusions

In the early stages when there is little supply and little demand, and where organic products are concentrated and offered to a small group of already convinced consumers, sales channels that have short supply chains are clearly recommended. An organic store, farmers' markets and tourist operations are likely to be the best choices. If the store and tourist operation has its own supply, it is easier; otherwise, groups of producers can be contracted directly. However, this marketing system doesn't offer any interesting opportunities for specialized producers (e.g., a producer of pineapples or mangoes as they need to off-load substantial quantities). For them, sales through supermarkets or to wholesalers servicing restaurants and hotels are likely to be the best option, but then they have to plan their production so that the supply can be constant.

5.4 Geographic scope

The emphasis of this study is local markets. Local is not clearly defined, and it is interesting to note that there are imports reported by some of the cases (e.g., the Bryanston Organic Market and the weekly market in Thiès). So while both these markets are "local" (i.e., they sell to people located close to where they operate), all the products are not local. It also works the other way round; even small initiatives, such as Bonde la ChemChem, try to market their products in Dar es Salaam—far from where they operate—and also plan sales to neighboring countries (Nairobi in Kenya is actually closer than Dar es Salaam). The main conclusion is that the distinction local is not very attractive as a strict category.

Exports and imports

Local marketing cannot be decoupled from exports and imports. **The price level for exports influences the price level on the local market, and local market conditions make exports more or less interesting, depending on volumes and prices.** With mainstream marketing channels, such as supermarkets, the difference in supplying a local buyer or a foreign one is less marked, as requirements tend to be similar. In some cases the local markets are also seen as a stepping stone towards entering the export market (e.g., by OPPAZ). On the other hand, some examples are given where the local market has a much higher price than can be found on the export market (e.g., BCS).

The products developed for the export market have many strong sides for the domestic market:

- Established supply chains
- High quality
- Established conformity assessment system (third party)
- Commercial actors with market knowledge

All four are problem factors for most local marketing initiatives (see SWOT). Therefore, it is a good strategy to stimulate the sale of organic export products on the local market. In particular, export operations are likely to be good suppliers to the retail chains. A rather high proportion of African organic products exported are however not exported in the form of consumer-ready products, but rather as raw materials.

Most organic-sector organizations are mainly looking into the situation of the producers in their own country. However, imports can also play an important role in market development. Imports should not only be seen as competition for local producers; they can also be an important stimulus to production (i.e., when producers see that there is demand for a certain organic product, and when they can what price consumers are willing to buy it for, they can get motivated to enter the market themselves). Supply capacity, high quality and established conformity assessment are all strengths of the international organic trade. Most cases describe a lack of supply capacity as a major hurdle; imports can bridge the gap. In addition, the wider range of products will motivate trade and consumers to engage in organic. Finally, for a number of processed products, imports may be required for some raw materials. For example, there is almost no organic-sugar production in the African countries, but many producers try to make organic jams. Stimulating commercial imports, in particular from within the region, is, therefore, an attractive strategy for market development. The main hurdles for imports are the high costs of importing small quantities and often also bureaucratic procedures or tariffs. It is also not easy to identify an importer willing to take the risk.

5.5 Price-setting

The case studies report varied experiences when it comes to the pricing of organic products. There are no consistent conclusions. Some report no premium prices; others report substantial premiums. Price premiums at the local markets seem to come mainly through quality and

improved presentation of a product rather than its perceived organic status. Whether price premiums can be charged for the organicness of the product relates much to how successful the sector is in creating demand and a strong image for organic products.

The farmers' premiums are often a small part of the total cost of organic products. The high consumer prices of organic products are mainly a result of a limited supply. Increased production is an important strategy to reduce one of the most costly market barriers: the expensive handling through the whole chain of small quantities of niche products. When production grows, logistical advantages appear which may reduce the end consumer's price with little or no pressure on the farmers' premium. In some cases, a premium price for organic products may not be "needed," as yields and costs in organic production may be as favorable as in conventional. In the weekly market in Thiès, organic products are often cheaper than conventional ones. Nevertheless, when a main objective is to increase the income of farmers, a premium may be asked for, not so much because the product is organic but to support the farmers. One of the cases, SPAS, which targets a vulnerable group of consumers (HIV/AIDS victims), shows how difficult it can be to have several objectives. On the one hand, they want to increase farmers' income, and on the other hand, they want the products to be affordable for vulnerable households. Foxy Organic notes that "in the beginning, the prices were lower than for conventional vegetables. Later, the prices were adjusted to become equivalent to those of conventional vegetables. Currently an attempt is made to earn a small premium."

The need for better market information is highlighted in several of the case studies. Making farmers aware of the market prices is at least a good starting point, and it reduces the risk that they will get a dismal proportion of the price. It also allows the farmers to plan their production in a commercial way.

5.6 Value addition

It has been mentioned in some case studies that high-standard processing facilities are difficult to access. The facilities are necessary to fulfill national standards, which is required for access to larger supermarkets. Several of the NOAMs express the need to develop processing, and some of the cases involve processed products. For processed products, the organic projects involved in export marketing can be key actors, as they have already developed good quality and often the needed packaging, etc. One should be careful to promote farm-based processing as a realistic venue for small holders, at least as long as it requires investments in machinery, packaging materials and buildings. On the farm, simple value addition such as drying is likely to be successful, while more complex processing should be left to resourceful commercial farmers or established processors.

5.7 Product quality

Almost all cases report issues with quality. Organic products that already have a higher price than conventional products would also need to be of high quality. It is normal that consumers

buying organic products for health reasons would expect it to be hygienic and of a quality which is equivalent to or better than conventional products. Often in the initial period, there is not a good idea about the quality parameters, but these have to be developed and built into the system as soon as possible. It is also important that the marketing organization be strict about the implementation of the quality standards—right from the beginning.

5.8 Packaging

Packaging materials are reported as a main issue. This is also closely linked to product quality, presentation and pricing: one cannot expect to get a price premium for products that are poorly presented, regardless of how good they are. Foxy Organic has to import them from South Africa. NOGAMU imports packaging materials from Kenya and sells them to producers.

5.9 Customer feedback and service

None of the cases reports anything on this critical aspect in marketing. It is important that the views of the clients be reported back to all involved in the chain—including the farmers—in order for them to improve their service.

5.10 Organic assurance, certification

To anyone studying the European organic market today, certification may seem like a precondition for any organic market. However, in these places also the initial marketing of organic products occurred without certification. Third-party certification was gradually introduced in the 1980s and 1990s in most countries. Initially, most certification plans were owned or part of a producers' organization and would not fulfill today's requirements for independent certification.

From the cases and from observation of the situation in most African countries, it is apparent that a big share of the organic products is sold without third-party certification, and most without any systematic quality assurance. In the survey, few respondents mention lack of organic certification as a major problem to access or develop the local market.

The group aims at concentrating on a few of these product lines and make them into quality products. The anticipated development is to get the product to have a higher quality, then to make it organic certified and TBS (Tanzania Bureau of Standards) approved. For the moment they are concentrating on the quality issue, as the organic certification is too costly for the volumes they have and not really asked for. (From the case study Bonde la ChemChem)

Usually the issue is a matter of priorities. There are other things that are more important than the actual organic certification.

There are two main factors in play here. Firstly, the market doesn't necessarily demand certification; secondly, certification is considered to be very demanding and costly. The latter is reinforced by the fact that certification services are developed for the export markets and include more rigorous procedures (see box) and higher costs than realistically appropriate for

(or demanded by) the local markets. Efforts to establish local certification bodies have been one strategy to facilitate access. However, due to high overhead costs for accreditation and the associated quality system, as well as low volumes, the local certification offered is often not very much affordable, even if it is cheaper than foreign-based certification. Recent studies show that local certification in East Africa is almost as expensive per farmer as in Europe, while value of production per farmer is often a fraction.

Certification constraints faced by Zulu organic farmers in South Africa

The Ezemvelo Farmers' Organisation (EFO) has grown from 27 members in the year 2001 to over 200 members in 2006. All members are certified organic, and most of the first-grade produce is sold to Woolworth's, a high-class chain store in South Africa.

Although certified organic since 2001, EFO has had ongoing difficulties meeting the requirements. This is not because of any problems with following organic production guidelines, but rather because the record-keeping requirements of HACCP and product traceability demand a sophisticated system that is beyond the capability of a small group of modest farmers. The management group also finds it difficult to explain to farmers why they should write down that they washed their hands each time they go to the toilet. They argue that not even schoolchildren at a very strict school are expected to do such things. It seems insulting to adults that each process in the food safety chain is deemed not to have happened unless there is a positive record that it was checked.

Likewise, when over a hundred farmers are delivering the same crop to a central depot, it seems to be unjustified bureaucracy to insist that the crop of each farmer be labeled as a separate lot number so that if someone in town complained, the vegetables could be traced to a particular field. Since the produce goes into a bulk container at the local depot before being trucked to the pack shed, individual lots often mean that a number of half-empty containers must be transported to the pack house, causing a significant extra cost.

Farmers are very proud of their quality management, but less impressed by the requirements of a record-hungry system.

"And we are not even exporting . . ." (Raymond Auberbach in *The Organic Standard*, Issue 65, September 2006)

An organic mark

Most believe that an organic logo or mark would play a key role in market development. And most also assume that such a logo needs to be backed up by some kind of assurance system. These assumptions are not directly supported by any experience of the case studies, but they seem reasonable. An organic mark has undoubtedly played a big role in market development in other places and has been actively supported by market actors. Introducing an organic mark should be a priority as it is a strong message bearer and gives organic products a clear identity. It also helps to differentiate organic from traditional.

Standards

Most of the NOAMs have engaged in the development of organic standards. Most of the other initiatives follow some defined production standard. BCS uses the IFOAM Training Manual for Organic in the Tropics as its "standard." An organic standard is no doubt a good instrument, not only to ensure that farmers are indeed organic, but also as a platform for market communication with consumers.

Assurance mechanisms

As third-party certification is not seen as a realistic alternative for small farms, many NOAMs and several other actors (e.g., the Bryanston Organic Market) are exploring other ways to guarantee organic integrity, mainly along the lines of Participatory Guarantee Systems. IFOAM

and the NOAMs in East Africa are currently working with a project to further develop PGS in Africa (IFOAM 2007). In addition, some of the organizations operate certification systems that are very similar in process and design to third-party certification but are implemented by the group itself or by an NGO. Agrecol Afrique describes its system as follows:

Certification at market level is ensured by AGRECOL Afrique. It checks the chain of custody of the products from the fields to the consumers' tables. It takes care of this side of the program otherwise the costs would be too high for the traders if the certification was made by a private body. The solution is to reach such a level of production that the costs of certification are not unbearable for the producers. Beside these internal controllers, the activities of the market users are also checked by an independent Inspection and Arbitration Committee (IAC) set up by the founders of the market. This committee guarantees conformity with organic farming and fair trade standards and norms, on the basis of the dispositions of the terms of references agreed upon by the organizers (AGRECOL and REFABEC) and the traders and



which contains the signatures of all parties.

For the time being, we see many ways of ensuring that organic standards are met. There are no distinct lines between them, but rather a continuum.

- 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)

It is hard to determine which of these tools is the most appropriate. Many of the stakeholders are concerned about the self-claimed organic products. One could argue, perhaps a bit cynically, that as long as lack of supply is a major obstacle and as long as the availability of organic products

is so low, there is perhaps not a big problem if a few of the self-claim organic producers are not really organic. One could also argue that the likelihood that people would falsely present their products as organic must be rather low in local markets with no strong consumer demands and small or non-existent premium prices, as the incentive for such false presentation is small. From that perspective, the introduction of more sophisticated conformity assessment procedures can hardly be pressing. Having said that, reliability, transparency and responsibility are often key elements of an organic marketing strategy. It is a slow process to gain consumers' trust, but a very quick process to lose it, and a scandal with falsely claimed organic products is also likely to damage the serious organic producers. So it is a good strategy to develop an organic assurance system within the marketing plans. Linking it to other quality assurance aspects makes it more useful for the marketing (i.e., the same systems are used also to control the physical appearance and other quality parameters of relevance for the business). It can also be a useful component in the development of farmers into more commercially oriented actors, something emphasized by some of the NOAMs (e.g., KOAN). The starting point for these efforts should rather be the needs of the involved stakeholders, including consumers, than mimicking aspects of control developed for third-party certification.

However, if the marketing strategy also includes future plans for exports, it is best to adapt to third-party certification and at least choose a system for assurance that is similar.

5.11 Role of farmers and farmer groups

Most of the case studies and the strategies of the NOAMs indicate that farmers' groups are not operational as market actors on their own, but are in fact dependent on a sponsoring NGO. In many cases, the same NGO says that these farmer groups should engage in value addition, retails sales or even exports. However, **a better starting point must be to assist the farmers to be successful in their main role in the value chain, the one of producer of raw materials.** Farmers who are not successful in that basic role are not likely to be better off by increasing their risk and exposure by climbing the value chain. The higher up that ladder, the harder the fall when things go wrong—and they often do go wrong. Once a farmer or a group of farmers is strong, has capital and the required knowledge, there may be strong reasons for them to get further involved in the value chain. NGOs should try to engage commercial actors providing their own capital, and even more importantly their own skills and experiences, for the organic chain. This is of course easy to say but not so easy to accomplish, as the organic market often is deemed to be too small or too complicated to be commercially attractive. However, in most cases there seems to be almost no effort in that direction. KOAN appears to have a strategy that more clearly includes commercial actors in the chain.

Farmers' groups can develop into real commercial actors. They can, for example, form a cooperative or a marketing association⁴. This can be supported by NGOs, by training and perhaps by the facilitation of office space and communications skills.

⁴ Farmer cooperatives are very successful in many countries in the world. In Africa they have been integrated with government controls of the sector. Many cooperatives have a hard time coping with the increased liberalization of the agriculture sector.

5.12 The role of the NOAMs and NGOs

Many African countries don't have a unified national organic movement. Such a movement can be pivotal for the development of domestic markets, as it provides a neutral platform for the sector to cooperate and communicate with stakeholders, including buyers and consumers.

In the cases presented, some NOAMs take on large roles in the marketing. All of them are involved in the following:

- General promotion
- Media work
- Technical assistance to producers
- Market linkages
- Market information
-

Some (e.g., NOGAMU) have expanded their role into trading organic products in their own stores. They have even invested in a truck for deliveries of their baskets. Agrecol Afrique operates warehouses and a revolving fund.

Marketing is an activity that to a large extent is carried out by a large number of competing actors. While the development of the domestic organic market is a key issue for the development of the sector, NOAMs and NGOs (and governments) can mainly just facilitate development. Of course, in pure pilot stages, more direct action may be warranted, but it is still important that the NOAMs and NGOs not take on (in particular not structurally take on) the direct buying and selling of organic products. Instead,



they should try to stimulate other private-sector actors to do it. In the end, a NOAM or NGO will get into conflicts by getting directly involved in business. It will lose its ability to act as a neutral broker and may trigger negative reactions, for example from small private traders that try to compete with a (possibly subsidized) marketing plan of the NOAM. Undoubtedly such an involvement is driven by a sympathetic agenda, but the best way to strengthen the farmers' side of the business is to assist farmers, or often groups of farmers, to be reliable partners in the chain and to be able to negotiate their business contracts.

When NGOs insist on getting into the business themselves they almost invariably encounter conflicts between their social and commercial agenda. The two simply do not go well together and require different working attitudes and organization. One option can be to set up a completely separate business unit.

In some cases the NGOs don't want commercial interests to be involved at all as they are likely to try "to reap profits." But the organic market needs normal business actors as well (traders,

shopkeepers, investors etc.). Even the vilified middlemen do play a role in most marketing scenarios, but they have to abide to transparency, as this is a precondition for both equitable trade and the traceability of the organic products.

Market promotion⁵

Strategic alliances and collaboration with like-minded organizations such as NGOs and buyers is necessary for the promotion of organic consumer awareness. This has been identified by OPPAZ and Agrecol Afrique, among others.

Using the media is important. It is important that the media people re-emphasize the direct benefits of organic agriculture on the environment, for producers and for consumers. Which media to use depends on the target group. To reach farmers in a rural community, local radio stations are effective. However, for market promotion, they are hardly the target group. One important target group for promotion should be the food-processing and retail business, as it is they that have to believe in organic to become partners in an organic chain.

Producer orientation vs. market and consumer focus

Most organic marketing initiatives, especially the NGO initiatives, are established with the well-intended objective of increasing income for farmers. This is commendable, but unfortunately not always a successful starting point in the marketplace. A clear consumer orientation is ultimately what is needed to be successful in the marketplace. A market-needs assessment should be done in order to satisfy the market identified. Market and product development depends on market information. Producers should be assisted to access market information and guided to make decisions according to it. Of course, one must recognize that initially there is normally no expressed consumer demand. As expressed by Bryanston: “The market was not driven by customer demand, as awareness of organics was limited. The challenge was to find and educate a customer base.”

Training in management of the production and supply chain

As expressed above, the first step for farmers is to become responsible and empowered actors in the first step in the value chain (i.e., the farming and supply of products). Training of farmers should emphasize understanding of the needs of the other actors in the chain, all the way to the final consumers. Planning is essential in realizing a smooth flow of products from the farm to the market. Cropping calendars should be developed (done, e.g., by KOAN). This will stimulate consistency of production and delivery of products in the market.

Linkages between producers, processors and buyers

Many NOAMs and NGOs are involved in the establishment of market linkages. This is useful, but also very demanding, as only forwarding contacts and the like is seldom sufficient. Unfortunately, there are many examples of emerging trading lines that have been ruined because farmers who were not up to the task have been helped to sell directly to a demanding buyer. **This buyer**

⁵ Note: It is important to realize that there are many scopes for promotional activities. Some of them are directed to the farmer to stimulate conversion to organic; others are more lobbying efforts to make the government and the public sympathetic to the organic agenda; and others clearly target “the market.”

quickly gets tired of unreliable supply or low quality and may not want to try organic again for years to come. In that way the whole exercise not only failed but actually resulted in a worse situation than before the intervention. The NOAM/NGO will also get a bad reputation by facilitation of contacts that don't work. Some caution is therefore warranted. If an NGO gets involved in market linkages, it should do it properly and realize that a lot of resources is needed. The Faida Market link approach (annex 1) can serve as a model and is useful for understanding how much engagement may be needed.

Lobbying government

NOAMs should be careful when calling for regulations of the organic claim. Introducing EU-style organic regulations with mandatory certification is premature in most cases. The strategy of the NOAMs in East Africa may show a good way to go ahead: developing a national (later a regional) standard, establishing an organic mark and establishing realistic organic-assurance models are key elements and can be the platform for both successful marketing and a basis for getting false organic products off the market.

Provide platforms and information

One of the most important roles of a NOAM is to provide market information and to act as a platform for information exchange and market communication.

Seek domestic support

Many of the NGOs and NOAMs are funded by foreign development agencies, which give them a good starting point. But it is important that domestic support for organic market development be sought from governments and from other stakeholders so that it has local acceptance and appeal. It also makes the initiatives more sustainable.

Collect data

Numbers tell! One important role of the NOAMs is to collect data about the organic market and make the data available (number of farmers involved, quantities of products sold as organic, pricing, number of outlets). These data will be useful both for new actors wishing to enter the market and the established actors. It also provides the sector with the ability to monitor the development and evaluate the effects of strategies. Finally, being able to show, with hard data, the development of the market will be useful in convincing government and development partners of the relevance of domestic organic markets in Africa.

5.13 Donors, consultants and other supporting organizations

A number of donors, consultants and international organizations (NGOs, UN agencies, etc.) support organic agriculture. Some of them support, or are beginning to support, domestic organic market development. Most of the analysis above is relevant to guide their support. Matters of importance for the development of the organic markets, such as quality improvement, market information, and organization of supply chains, are all possible targets for support. The bigger problem is probably **who shall be supported to do what?**

A few points of attention:

- It will take time to build domestic organic markets in most African countries, just as it took years to build the European and American organic markets. Most support organizations work with rather short project interventions, but both the development of the market and the development of supply capacity are slow processes. Even private initiatives with a lot of personal engagement take years before they are financially viable. Therefore, the time perspective must be longer than the normal three-year project perspective. Supporting one-time efforts (e.g., the organization of a trade show) is likely to be useless, unless there is other longer-term support available.
- While the early organic marketing is likely to be pioneered with a lot of voluntarism and fairly large roles of NGOs, it is important to support the development of commercially sound market mechanisms, where the actors are commercial partners (e.g., a group of farmers and a trader or a store).
- NGOs and NOAMs can play an important role in the expansion of organic markets. Donors will often insist on their being able to show that the activities will be financially sustainable, which often places the NGO in the role of being an active partner in the market chain (e.g., a middleman between the farmers and buyers). In this way the donor may “force” the NGO into a role that it shouldn’t be playing. In the very long term there may be opportunities for the NGO or NOAM to sell market services (e.g., market information) but that is not at all a short-term source of income⁶. The promotion of organic farming or organic products in the early stages of market development should rather be seen as an educational effort with a value in itself, rather than an activity that shall be financially sustainable.
- Support to farmers and groups of farmers to increase their share in the commercial chain, for example by advanced food processing or by developing trade organizations (logistics and sales operations), shall be carefully designed and should realize that farmers are more likely to be successful in this if they first are successful as commercial farmers. Also here a long-term time perspective should apply.

5.14 Governments

The government is normally not too involved in domestic markets, apart from setting the general regulatory framework⁷. However, when it comes to consumer education, it is quite common for governments to promote the consumption of particular foods, for commercial or health reasons. Consumer education for a sound and healthful diet can also include the promotion of organic food. Local governments can also promote organic foods by allocating space in open markets and in trade fairs, as the Thiès municipality has done. Producers’ organizations can be supported to organize common supply, nice packaging and efficient distribution. Eco-tourism is another option for market development which can be promoted by government. Finally, a

⁶ Even in Europe, many organic marketing initiatives are still supported by public funds, and most NOAMs receive public funds for market information services and promotional campaigns.

⁷ For a discussion about the need for government regulation on organic see, Rundgren G. (2007) Best Practices for Organic Policy: What Developing Country Governments Can Do to Promote the Organic Sector (UNCTAD/DITC/TED/xxxx/xx).

proper market information system can be useful for all parties, in particular producers. Such systems should include a directory of suppliers and buyers, price and quantity reporting, and a prognosis for future production. It is important that market information reach out to the farmers (e.g., by radio programs). The governments should consider supporting NOAMs to establish such systems. Integrating organics into public procurement stimulates market demand and improves the public information and consumers' exposure to organics. The government's selecting organic foods for high-level events sends a strong signal to the domestic markets and contributes tremendously to the acceptance of organic production. Finally, when high officials themselves buy and eat organic foods, and say in public that they do so, they send a strong signal to others to do the same.

5.15 Key recommendations

The following key recommendations, drawn from the analysis above, deserve emphasis:

- 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.
- Organic-marketing messages should be tailored to the key consumer groups.
- If there is no national organic agriculture movement, one should be established.
- Marketing initiatives should cooperate in consumer awareness activities (e.g., participation in annual events coordinated by NOAMs).
- Marketing initiatives and NOAM organizations should develop a practical organic labelling plan whereby organic products can be identified to the consumers. The organic labelling plan should be continuously developed, adding components of quality assurance (e.g., certification and PGS systems).
- Sector organizations (NOAMs) can facilitate marketing by creating opportunities at events, by developing the image and labelling plans, and by assisting with the practical needs of the initial marketing initiatives (e.g., packaging materials, labels, market information).
- The linking of farmers to markets is critical and requires much attention. It is important to strengthen the farmers' role as responsible actors in the value chain.
- Observe pricing strategies to avoid having organic perceived as prohibitively expensive.
- Engagement of commercial actors shall be sought.
- Engagement of the organic export sector in the development of local markets.
- Use imports for market development.
- NOAMs to collect and make available market data.

ANNEX 1: TOOLS FOR ANALYSIS, STRATEGY DEVELOPMENT AND PLANNING

SWOT: strengths, weaknesses, opportunities, threats

Many tools can be used for analyzing the market. A SWOT analysis of the market situation in general and a SWOT analysis of the initiative can be carried out.



SWOT analysis is an effective method of identifying your strengths and weaknesses and to examine the opportunities and threats you face.

A SWOT analysis consists of evaluating a firm's strengths and weaknesses and its opportunities and threats. It is a valuable strategic planning tool, because it focuses on the key elements of a firm's position within a market. Often, carrying out an analysis using the SWOT framework will be enough to reveal changes which can be usefully made.

A SWOT analysis of a local organic store may look something like this.

STRENGTH	WEAKNESSES
Dedicated owner and good staff Cash-flow and capitalization are sufficient A core group of consumers loves the shop and promotes it to others	Bad location of shop Supply is not stable Quality is not stable Shop not known Not sure that all my suppliers are really organic
OPPORTUNITIES	THREATS
Organic market will continue to grow More and better suppliers will emerge	Supermarkets will sell organic products cheaper Organic market will not develop as predicted Government will pass rules for organic that threaten supply

Note: Strengths and weaknesses are internal (i.e., things that you have some control over). Opportunities and threats are external and outside your direct control.

Based on the SWOT analysis, you progress to assess how you can capitalize on your strengths, how you can reduce the impact of weaknesses, how you can benefit from opportunities, and how you can mitigate threats.

The Organic Marketing Mix (The 4 Ps of Marketing)

The “Marketing Mix” approach helps bring marketing initiatives into focus. Perhaps because of its simplicity, the use of this framework remains strong and many marketing textbooks have been organized around it.

Marketing decisions generally fall into the following four controllable categories:

- Product
- Price
- Place (distribution)
- Promotion



The Marketing Mix

These four Ps are the parameters that the marketing initiative can control, subject to the internal and external constraints of the marketing environment. The goal is to make decisions that centre the four Ps on the customers in the target market in order to create perceived value and generate a positive response.

Product

Some examples of the product decisions to be made:

- Brand name
- Styling, image of product
- Quality
- Packaging

As can be seen from the case studies, the availability of products is a major hurdle for organic market development. In addition, quality and presentation are also problematic.

Price

Some examples of pricing decisions to be made:

- Pricing strategy
- Price flexibility

- Price discrimination

The case studies show a big variation in the assessment if premium prices can be charged. It is probably unrealistic to have too fixed an idea on the pricing strategy. If the target market is an upper-class elite, high prices are not likely to be a deterrent.

Distribution (Place)

Distribution is about getting the products to the customer.

- Suppliers
- Distribution channels
- Market coverage (inclusive, selective, or exclusive distribution)
- Inventory management
- Warehousing
- Distribution centers
- Order processing
- Transportation

Working with farmers, the organization of your supply is a very critical issue (and identified as a weak factor in almost all cases).

Promotion

Promotion represents the various aspects of marketing communication, that is, the communication of information about the product with the goal of generating a positive customer response. It includes:

- Promotional strategy (push, pull, etc.)
- Advertising
- Personal selling
- Sales promotions

The IFOAM Consumer survey for East Africa gives some valuable guidance (e.g., that the farmer is a credible message bearer). Considering the limited resources of most initiatives, cheap measures such as word of mouth, small stickers put in strategic places, and free promotion through media are likely to be most relevant.

Market linkages – assisting farmers

Many NGOs and NOAMs take on a role of facilitation of market linkages between farmer and other business actors. The Faida market linkage approach can be useful. Faida Mali in Tanzania works to facilitate market linkages through the following (brackets indicate the target for the activity):

- Mobilization and selection of farmers to produce the crop (Buyer)
- Designing and/or commenting on the out growers contract developed by the buyer and translating the contract into the local language (for an agreed fee) (Farmer and Buyer)
- Facilitation of meetings between company and farmers to discuss the enterprise and

- negotiate contract terms (Buyer and Farmer)
- Assist participating farmers with tailor-made training in the areas of business awareness, group formation, savings and credit, keeping farm records, farm productivity and cost/benefit analysis (Farmers)
- Preparation of technical/extension brochures and pamphlets on the crop in question or translating into the local language (Farmers)
- Assist in follow-up visits and advice to farmers in the field (Farmers and Buyer)
- Assist in the organization of collection centers at farmers' level (Buyer)
- Act as a mediator between the company and farmers in case of conflict (Buyer and Farmers)
- Assist in the organization of collection centers at farmers' level (Buyer)
- Advise the buyers in matters relevant to the enterprise (Buyer and Farmers)
- Facilitation of identifying reliable agents (Buyer)
- Supply relevant market information on alternative products and markets (Farmers and Buyers)
- Promote farmers', partners' and buyers' products in trade fairs in country. (Farmers, Partners, buyers)
- Assist buyers in accessing appropriate financing and business advisory and development services. (Buyer and Financial Institution)

(Somewhat edited by author)

These ideas are elaborated further on www.faida.or.tz as well as in "Chain Empowerment: Supporting African Farmers to Develop Markets. KIT, Faida Mali and IIRR. 2006." <http://smartsite.kit.nl/smartsite.shtml?id=SINGLEPUBLICATION&ItemID=1952&ch=FAB>

Business plan and checklist

A business plan is a systematic analysis of all aspects of the business, including financing. A business plan can be a very formalized document of 50 pages or just a simple thing. When a business venture needs external capital, it is often more elaborate. Most businesses start without a proper business plan, and even if there is a "plan" in the head of the entrepreneur it is not written down. A business plan would normally contain the following elements, and it can serve as a checklist for things to consider, even if no plan is written. In brackets are indicated other tools and processes used to develop the section:

1. Executive summary (one to two pages)
2. Introduction, presenting the company, the founders and the organic market
3. Mission of the company (strategic plan)
4. Objectives (strategic plan)

It is of critical importance for any business venture that the objectives be clarified. This is

even more important if there are many actors involved. For example, has the business been established to “help poor farmers,” “to promote the spread of organic farming” or to make the initiators wealthy? While it is possible to have several objectives, you need to know which objective is the main one. Several objectives, while not necessarily being directly contradictory, lead to different solutions and strategies.

5. Business strategy (see Marketing Mix and SWOT)

6. Analysis of market environment (SWOT)

7. Offer and target market (Marketing Mix)

Who are your target consumers?

What are you offering the consumers? Is it an excellent supply of high-quality organic products? Is it the opportunity to support small organic farms by their shopping? Is it a product that improves the health of the consumer?

8. Competition (SWOT and competition analysis)

When there are several market initiatives in the marketplace, why would buyers choose you and not another supplier? What is special about your offer?

9. Cost analysis

10. Operation, logistics and supply chain

11. Technical developments needed

E.g., development of processing and packaging

12. Financial plan

Profit and loss, cash-flow analysis, financial needs

13. Human resources and management plan

How are you managing your service, and what people are needed? Are there special qualifications you need to obtain?

14. Analysis of risks and opportunities

What happens if the demand for the products is only half of what you projected? What happens if prices are lower? What opportunities could arise that you haven't included in your plan?

Sometimes a business plan contains a plan for start-up with targets and times for reaching those targets.

ANNEX 2: REFERENCES AND RESOURCES

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ANNEX 3: LOCAL MARKETING INITIATIVES IN AFRICA

NAME OF INITIATIVE	STRUCTURE	PRODUCT	MARKETING SCOPE	MARKET CHAIN & FINAL SALES CHANNELS	QUALITY ASSURANCE
Cameroon					
Biotropical Agriculture Development Company	Private company	Fresh and Processed	Regional	Wholesaler Retailer	Third party
Common Initiative Group Opalma	Cooperative /Producer groups	Unknown	Local	Retailer	Self-claim
Common Initiative Group Plantain Cam	Cooperative /Producer groups	Fresh	Local	Wholesaler and trader	Self-claim
Egypt					
Desert research Centre Al matario	Cooperative /Producer groups	fresh	Regional	Direct	PGS
Desert research Centre Al matario	Cooperative /Producer groups	Processed	Local	Retailer	PGS
Desert research Centre Al matario	Cooperative /Producer groups	Fresh	Local	Wholesaler and trader	PGS
Ethiopia					
Boni Agro Industry	Private company	Processed	National	Wholesaler and trader	PGS
Green Star Food Plc	Private company	Processed	National	Wholesaler and trader	Third party
Melge Wonde	Private company	Unknown	National	Wholesaler and trader	Self-claim
Kenya					
Agribusiness among small-scale banana farmers	Cooperative /Producer groups	Fresh and Processed	Local	Wholesaler Retailer	Self-claim
Ayieko	Private Company	Fresh	Regional	Wholesaler and trader	Self-claim
Bio Dicom Volunteer Group	NGO	Processed	Local	Wholesaler and trader	PGS
Bridges	Private company	Fresh	National	Restaurant	Self-claim
Corner shop	Private company	Fresh	National	Retailer	Self-claim
Cosdep	Cooperative /Producer groups	Fresh	Regional	Wholesaler and trader	PGS
Garden fresh	Private company	Fresh	National	Wholesaler and trader	Self-claim
Gardens for life feeding schools	Cooperative /Producer groups	Fresh	Local	Wholesaler Retailer	PGS
Green Dreams Ltd	Private company	Fresh and Processed	Local	Retailer	Self-claim
Jitegeme Women self-help group	Cooperative /Producer groups	Fresh	Local	Retailer	Self-claim
Juja Organic market	Cooperative /Producer groups	Fresh	Regional	Farmers market	Self-claim
Junja organic market	Cooperative /Producer groups	fresh	Local	Farmers market	Self-claim
Kawaida Commodities	Private company	Fresh	National	Retailer	Self-claim

Kenya Institute of Organic Farming	NGO	Fresh	Local	Retailer	PGS
Kenya Organic Food	Cooperative /Producer groups	Fresh	National	Wholesaler Retailer	Self-claim
KOFF and Groups	Cooperative /Producer groups	Fresh	National	Wholesaler and trader	Self-claim
Makena Mushroom Growers	Cooperative /Producer groups	Fresh	Local	Wholesaler and trader	Self-claim
Makuru cattle buying selfhelp group	Cooperative /Producer groups	Fresh	Regional	Retailer	Self-claim
Meru herbs	Cooperative /Producer groups	Processed	Local	Wholesaler Retailer	Self-claim
Mister pineapple	Private company	Processed	Regional	Wholesaler and trader	Self-claim
Mt Elgon Farmers Marketing network	Cooperative /Producer groups	Fresh	Local	Wholesaler Retailer	Self-claim
Organic Initiatives Ltd	Private company	Processed	National	Retailer	Self-claim
Pat Consult Ltd	Private company	Fresh	Local	Retailer	Self-claim
Rural Oriented Development Initiative	NGO	Fresh	National	Wholesaler and trader	Self-claim
SPAS	NGO	Fresh	Regional	Direct	Self-claim
Sustainable Agriculture Community Development programme.	NGO	Fresh	Local	Retailer	PGS
Namibia					
MEATCO	Private company	Processed	National	Organic shop + Box schemes	Self-claim
Oontanga oil producers	Private company	Processed	Local	Wholesaler and trader	Self-claim
Senegal					
Agrecol	NGO	Unknown	Local	Retailer	PGS
South Africa					
Bryanston Organic Market	Cooperative /Producer groups	Fresh and Processed	Local	Farmers market	PGS
Tanzania					
Bonde la chemchem	Cooperative /Producer groups	Processed	Local	Wholesaler and trader	Self-claim
Fadeco trading	Private company	Processed	National	Wholesaler and trader	Self-claim
Gwasi development group	Cooperative /Producer groups	Fresh	Regional	Retailer	Self-claim
International Food packers Amani Golden Tea	Private company	Processed	Regional	Wholesaler and trader	Third party
Irente Farm	Individual	Fresh	Local	Retailer	Self-claim
Kilimanjaro organic spices and fruit	Individual	Fresh	Local	Wholesaler and trader	Self-claim
Kimango Farm Enterprises Ltd	Individual	Processed	National	Wholesaler and trader	Third party
Mali Juice	Cooperative /Producer groups	Processed	Regional	Wholesaler and trader	Self-claim

Mayawa	NGO	Processed	National	Wholesaler Retailer	Self-claim
Mikese farm Mikese mangoes	Individual	Fresh	National	Wholesaler and trader	Third party
Mkombozi Women group	Cooperative /Producer groups	Processed	Local	Retailer	Self-claim
Mums kitchen	Private company	Processed	Local	Organic shop + Box schemes	Self-claim
Muungano	Cooperative /Producer groups	Fresh	Local	Wholesaler and trader	Self-claim
Tanga Fresh	Private company	Processed	Regional	Wholesaler Retailer	Self-claim
UMADEP	NGO	Fresh	Regional	Wholesaler and trader	Self-claim
Togo					
TODZRO ANOUMOU KOMI	NGO	Fresh	Regional	Farmers market	Self-claim
Uganda					
ADP Kabarole	Cooperative /Producer groups	Fresh	Local	Wholesaler and trader	Self-claim
AMA	NGO	Fresh	Regional	Wholesaler and trader	Self-claim
Anam Cara Goat farm	Private company	Processed	Local	Organic shop + Box schemes	Self-claim
BBC	NGO	Processed	National	Wholesaler Retailer	Self-claim
Bukonzo Joint Cooperative	Cooperative /Producer groups	Processed	National	Wholesaler and trader	Self-claim
Bukonzo organics	Cooperative /Producer groups	Fresh	Regional	Retailer	PGS
Conservation and Biodiversity Resources Management Project- Rwenzori Region	Cooperative /Producer groups	Processed	Regional	Wholesaler and trader	Self-claim
Cosic	Cooperative /Producer groups	Fresh	National	Wholesaler and trader	Self-claim
Kabuwoko Girls Primary school	School	Fresh	Local	Direct	Self-claim
Kahangi Estate	Cooperative /Producer groups	Processed	Local	Wholesaler and trader	Self-claim
Kamu Kamu Traders	Cooperative /Producer groups	Unknown	National	Wholesaler and trader	Self-claim
Karughe Farmers partnership	NGO	Fresh	Local	Direct	Self-claim
Kasenge Riverford Organic store	NGO	Fresh	Local	Retailer	Third party
Kayunga area cooperative enterprise KACE	Cooperative /Producer groups	Unknown	Local	Retailer	PGS
Kayunga organic producers	Cooperative /Producer groups	Unknown	Regional	Farmers market	PGS
KBA	Private company	Processed	National	Wholesaler Retailer	Self-claim
KIOFA	Cooperative /Producer groups	Processed	National	Wholesaler and trader	PGS
Kyempara Farmers	Cooperative /Producer groups	Processed	Local	Wholesaler Retailer	Self-claim
LWF	NGO	Fresh	Local	Retailer	Self-claim

NOGAMU	NGO	Fresh and Processed	Regional	Organic shop + Box schemes	Self-claim
Rhiva	NGO	Processed	Local	Retailer	Self-claim
RUCID	Cooperative /Producer groups	Processed	National	Wholesaler and trader	Self-claim
St Adolfu organic farm	Cooperative /Producer groups	Fresh	Local	Retailer	Self-claim
Tooro Botanical Gardens	NGO	Fresh	Local	Wholesaler Retailer	Self-claim
Zambia					
Green Fox Ltd	Private company	Fresh	Local	Organic shop + Box schemes	Third party
Kasisi Agricultural Training Centre - KATC	NGO	Fresh	Regional	Wholesaler and trader	Third party
Mpongwe Development Company	Private company	Fresh	Regional	Retailer	Self-claim
Silver Catering and College	Private company	Processed	Regional	Wholesaler and trader	PGS
Sugar Bush	Private company	Fresh	Local	Retailer	Self-claim
York Farm	Private company	Fresh	Local	Retailer	Self-claim

ANNEX 4: CASE STUDIES

Weekly market for organic products in Thiès, Senegal¹

Origin and background

As part of its activities for promoting sound agriculture, AGRECOL has started a program with REFABEC (a community-based organization), and the municipality of Thiès. A six-day organic-products outlet has been launched, as well as an organic restaurant which is open every day. In addition, an annual fair and a weekly market for organic products have been set up. The objective of these two activities is to create an organic marketing space for producers and consumers. The idea is to avoid marketing organic products in the same places as conventional products and, at the same time, to guarantee the quality of the products.

Introduction

The stakeholders in the market for organic products in Thiès are:

- The Réseau des Femmes en Agriculture Biologique et Commerce Equitable, (REFABEC; Network for Women in Organic Farming and Fair Trade). This organization puts together eleven organic clubs around the city of Thiès, all partners of AGRECOL
- The municipality of Thiès, a city of 1,305,500 inhabitants 70 km from Dakar
- AGRECOL Afrique, a Senegalese NGO based in Thiès and active in the promotion of organic farming

The market has the same principles of operation as the other local markets around the city, which should ensure its sustainability. The municipality supplies the logistic support (tents and tables) and collects taxes from the market.

The market started with nine stalls. The objective was to reach at least fifteen stalls by the end of 2006. Today, there are twenty regular stalls and many consumers wish to see the opening of similar markets in their own districts. Some institutional partners, such as the municipality and the Fédération des Associations Féminines du Sénégal (FFS; Federation of Women's Groups in Senegal), are interested in developing the activity in other areas.

A project management committee has been established. It is composed of twelve members: four representatives of the traders (two men, two women); four representatives of the consumers (two men, two women); two elected representatives of the municipality; and two representatives of the market organizers. This committee allows the actors to work together with the objective of reaching a participatory and permanent monitoring and evaluation of the market.

Market strategy

The launching of the market has brought together all the actors concerned, including producers, consumers, REFABEC, AGRECOL Afrique, the municipality and the inhabitants of the district which harbors the market.

¹ Written by Mass Dieng and Soleiman Bassoum; edited by the author.

Set-up considerations

To popularize the market prior to its installation, there was a door-to-door campaign and consensus-building meetings with the inhabitants of the district (who are involved in the management). These activities were jointly conducted by the municipality, the chief of the district and AGRECOL Afrique. Thanks to these activities, the group of consumers interested in certified products grew considerably.

Product line management

The market offers a wide range of food products such as lettuce, carrots, tomatoes, turnips, radishes, mangoes, grapefruits, pawpaw, oranges, lemon, millet, maize, sesame, sweet potatoes, potatoes, milk, fish (dried or smoked), dried seafood, and palm oil. The market also offers products originating from Mali and Burkina Faso (dried fruits and shea butter).

The objective is to present certified meat and fresh fish vendors in the near future, but the issue of certifying the supply chain has to be addressed first.

Organization of the supply chain and handling

Traders have their own contacts for their supplies. REFABEC and AGRECOL can help establish the first contact, but the relations need to be maintained by the traders.

Due to the insufficient means of the majority of traders in the market, AGRECOL has opened a warehouse so that they can stock their goods. This will make them less vulnerable to speculation and price deflation when the products are in abundance. This is made possible by the availability of revolving credit jointly funded by AGRECOL and REFABEC.

Marketing (promotion) and sales management (including deliveries)

As far as the promotion of the market is concerned, different strategies are utilized: news broadcasting and awareness-raising through the radio; door to door communication with the REFABEC women; songs and videos; and articles published in the AGRECOL review (Acacia).

Costs, margins, price-setting and value addition

In order to avoid any speculative fluctuations, prices are set after some consensus building between the organizers and traders. In that prospect, a market study is conducted so as not to have sharp differences between the prices of the organic products and those of the conventional ones.

Price comparison organic and conventional		
PRODUCT	THIÈS MARKET	CONVENTIONAL MARKET
Grapefruit	300	400
Papaya	400	500
Honey	1600	1800
Palm oil	1400	1600
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

Organic assurance and certification

There are three types of traders in the market: garden producers, retailers and processors of local products. For each type of trader there is a specific monitoring system. For producers, field visits are made while for retailers we make sure that organic standards are met by their suppliers. The price structure of their products is also checked. For the processors, there is monitoring with regard to the origin of their supplies as well as their standards of production.

Certification at market level is ensured by AGRECOL Afrique. It checks the chain of custody of the products from the fields to the consumers' baskets. It takes care of this side of the program, as the costs would be too high for the traders if the certification were made by a private body.

The range of products sold in the market has been extended to organic producers guaranteed by other organizations active in the promotion of organic farming in Senegal (mainly NGOs) that are themselves guaranteed by AGRECOL. The latter has the responsibility of checking the chain of custody of all products distributed in the market and to conduct random inspections in production sites. This check is reinforced by the market users (traders as well as consumers) who are also entitled to make a direct check.

Beside these internal controls, the activities of the market users are also checked by an independent Inspection and Arbitration Committee (IAC) set up by the founders of the market. This committee guarantees conformity with organic farming and fair trade standards and norms, on the basis of the dispositions of the terms of reference agreed upon by the organizers (AGRECOL and REFABEC) and the traders. It contains the signatures of all parties.

Other issues

The products sold in the market will supply the restaurant and the Saturday leftover is displayed in the organic products outlet during weekdays.

Summary and conclusion

A participatory research action approach is used in this project. The market should develop further but above all it must survive as a trading facility, offering an alternative to the conventional system for the benefit of the consumers.

It is not common in developing countries, to see local communities and populations get so much involved in such experiences, because, indeed, their priorities are different. However, in this case, there is a strong involvement of these parties and they even participate materially and financially.

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Bonde la Chemchem Sabuko, Tanzania²

Background

In 2003, when Miriam Ng'maryo planted the first rosella seeds and started to introduce organic agriculture on her farm, there was no particular farm group in Sabuko.

Today Bonde la Chemchem Sabuko has sixty-four paid-up and registered homesteads as members. Amongst these there are twenty members who have registered themselves for organic agriculture. BCS focuses on production of rosella and oyster mushrooms. The training in organic farming is done at the group's centre where the rented premises also include two acres of farmland. Here, the Kilimo Hai group (a Swahili name for organic agriculture) meets on agreed days for demonstration of different ways of enriching the soil, like growing sun hemp, double dug plots and use of animal manure from their bomas (animal sheds). Plans are under way to establish a demonstration plot for the locally available pest-control plants.

BCS has initiated different projects among the members, as joint ventures for income-generating activities. The role of the BCS management is to support the various groups to reach the markets, collect resources and to identify training opportunities.

Inspired by a project run by AMKA/APT, BCS got the idea of solar drying their products. Miriam Ng'maryo made the initial investment to get the driers in place. Rosella seeds were bought and distributed to the group. BCS started solar drying from the first harvest. This created an opportunity for the members to add value to their products and enjoy the better prices that solar-dried rosella gets from the market, both in Kilimanjaro and elsewhere. Today they have their own seeds and are even selling some to other organizations. With the many uses of this crop, the group embarked on making their own jam that is best made at source as it does well when made from fresh rosella. Initially, all the meetings were held and all the processing was done at Miriam's place, as there was a need for clean tap water and storage facilities. Basic training was also provided to BCS members by the AMKA/APT when two more driers were constructed.

Market strategy

The price of rosella was very favorable in the region which made rosella a possible alternative cash crop. The other farmers expected Miriam Ng'maryo to be the buyer of the rosella they produced, but she created awareness amongst the members and the community at large about using rosella for improved health in the families first of all. A number of women who make local brew have always been using maize as the raw material. The introduction of rosella, which makes better beverages (both alcoholic and non-alcoholic) has minimized the use of maize, hence supporting food security and providing a healthier local brew. To date, the approach is to only sell excess production, after taking what is needed for the household. Rosella is now seen as an alternative medicinal/nutritional plant as well as a family cash crop.

² Written by Miriam Maddy Ng'maryo; edited by author.

When mushrooms were introduced, the marketing set-up was different from that used for rosella. Farmers were encouraged to work in smaller groups of not more than five people in one unit. This was found to be more convenient because they can share the equipment and the profit made can then be shared among few people.

Product line management

Currently the following products are available: solar-dried rosella, solar-dried rosella seeds, rosella jam made from fresh rosella, fresh rosella juice (during functions), solar-dried mushrooms, solar-dried vegetable mix and solar-dried cassava flakes. The group also plans to grow organic sunflowers and beans.

The group aims at concentrating on a few of these product lines and making them into quality products. The hurdle here is the jam processing as it requires special machinery and organic ingredients, some of which are not available in Tanzania, although sugar, lemon, and the natural acid from the rosella is all there is in the jam. So far, the jam is homemade using household equipment. For the moment, BCS concentrates on the quality issue when it comes to jam, as the certification is too costly for the volumes they have and not really asked for. The group is striving to get into the supermarkets with their solar-dried products.

Handling and stock management

The delivered fresh rosella is weighed in the presence of the producer to oversee the process. It is seen as a strength that all the members in the group know the process and ratio of production, which makes it a transparent procedure. The system is built on trust, but the storekeeper is always responsible for the stock, which is normally put in sealed containers.

The supply chain for solar-dried rosella works as follows:

- Farmers deliver fresh, peeled and unwashed rosella calyx to the processing unit in the morning when it is not raining. Then the rosella is
 - checked before it is weighed
 - graded, and the farmer is paid up front
 - washed
 - solar dried
 - weighed and stored in containers
- Upon receiving orders, the rosella is packed in smaller packs, distributed and sold.

The farmers are trained in workshops to get an understanding of the quality requirements and handling of fresh rosella. There have been problems with farmers soaking the rosella to make it gain weight. When the soaking is discovered, the rosella is not taken in for processing. If the rosella is harvested during rain, the color is affected; it becomes variegated, in which case it is used for making local brew and short-term wine sold in the community, as these are only appearance problems.

During the drying process ninety percent of the weight is lost. No moisture meter is used. The local way of checking this process is by breaking the dried calyx. It must snap when dry.

The production of oyster mushroom is managed by small groups who organize the selling of

their own fresh mushrooms. When there is a surplus, mushrooms are dried in the solar driers, and the small groups are responsible for the packaging and marketing of the dried mushrooms. Mycelium and other materials required in the mushroom production are purchased jointly from the producers according to the group's needs and affordability. Faida Mali has been instrumental in offering local marketing skills to the marketing team of the BCS.

Market assurance and certification

There is no formal labelling or certification of BCS. Farmers engage in organic agriculture because they believe in the benefit of the practices and see the potential these practices hold for them and their environment. As a guidance on organic practices (and thereby a kind of standard) the IFOAM Training Manual is used. One of the farmers is a field officer who visits the other farms regularly, although there are no formal control procedures in place. So far the group has enjoyed the trust bestowed upon it by the customers. The various small-scale producers' groups which have been visiting to see the production and processing are the best advocates for the quality of the products. There is a national body for local certification, TanCert, and the group is considering registration when the need arises. With increased production, certification can be viable and will enable the products to cross borders.

The anticipated development is to improve product quality and then to make it organic certified and TBS (Tanzania Bureau of Standards) approved. This will make it acceptable in larger supermarkets and groceries where it is illegal to sell products without the TBS labels.

Marketing

Currently, sales are done in four major ways. One is through a store that BCS recently opened for the community. This store is expected to be an outlet for their products as well as a collection centre for other organic products ready to be distributed to various destinations. Each member has limited allocation of two shares in the store.

Another sales channel is through a local cheese producer for deliveries to restaurants and hotels. The buyer calls the cheese producer, who compiles the orders then informs BCS of the needed quantities of fresh mushrooms. The other two ways of selling are direct selling at exhibition and sales in regular stores in the area.

The products are distributed as follows, for the four different ways of selling.

	MUSHROOMS	ROSELLA JAM	DRIED ROSELLA
Own shop, locally	5%	20%	20%
Restaurants and hotels	25%	Non	40%
Exhibitions	10%	60%	30%
Stores in the area	60%	20%	10%

The group is investigating ways of promoting dried mushrooms as well as looking for basket deliveries at a special place at least once a week. Already there are some tourist operators who would like to include mushrooms in their menu during the high season. The sales of fresh mushrooms bring in more income to the producers than the dried mushrooms, but fresh

mushrooms are highly perishable. Intensive promotion and innovation need to be put in place if dried mushrooms are to gain popularity.

The group has not considered export opportunities because the price offered for export is about a quarter the local selling price. Unless the exported products are value-added, considering exporting products is futile for a group like Bonde la Chemchem. There is more potential in the development of the local market, as more local people and other residents are looking for organically grown products. If this is properly developed, export marketing will not be necessary.

BCS has been striving to maintain a high profile for its products through a price-control strategy. The organic rosella price has always been higher than the conventional production. This has been possible because of the quality of rosella produced and processed. There are competitors that can sell dried rosella for less, but it is usually of poor quality and they can seldom deliver the large volume that sometimes is needed, so currently BCS does not suffer from the competition. When other businesspeople bring large quantities of rosella from the central part of the country, BCS withholds its rosella until the demand rises again and they can sell their product for the set price. This has helped the group maintain their fixed price throughout the year.

Sector cooperation

There are limited initiatives in the area of local organic market, and this has forced the organic products to compete with the well-established conventional market. At times this has hindered the organic sector from making any significant difference in the market arena. The group is in its final stages of being registered by TOAM. This initiative will enable it to expand its production line of the non-traditional crops and other products that will find their outlet in the various organic outlet stores that are in the pipeline to be identified and opened.

Summary and conclusions

Currently the group is producing enough rosella to satisfy the local market within the community and around the region. The demand is growing, and when BCS starts to get bigger orders there will be problems with the supply and production capacity among the members. Efforts are being made to encourage more producers to see the opportunity and engage themselves in this initiative.

The use of organically produced products needs to be for everybody. BCS wishes to encourage organic local-market initiatives so that producers are not just money-centered, but that they also consume and get direct benefits from their practice.

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***Bryanston Organic Market, South Africa*³**

Background, market strategy

The Bryanston Organic Market Started 30 years ago as a small initiative to offer an outlet for small and micro biodynamic and organic farmers connected to the Michael Mount Waldorf School. The principles of Rudolf Steiner created the background for the first farmers supplying this market. The market was not driven by customer demand, as awareness of organics was limited. The challenge was to find and educate a customer base. No competition existed, and the market effectively set its own rules. Initially, the market was a grouping of individual farmers selling organically grown vegetables and fruit. Later, the market added traders, selling value-added products like jams, preserves and baked goods, but still closely related to the original organic principles.

The market naturally evolved into a business hosting more than 140 stallholders selling a very much varied product range from fresh produce, deli, cosmetics, crafts, curio and clothing. It is no longer a small business. It has moved from being purely organic to an outdoor market attracting a wider customer base. There is a significant difference between the conditions when the market started and the current conditions.

Then

There was no market strategy, only a need for growers to sell their organic produce, and a school needing some fund raising.

- The market was in a semi-rural, low-density suburban environment.
- No awareness of organics. Growers monitored themselves and could make any claim, but a relationship built of trust existed.
- Close relationship between consumer and supplier.
- Little or no competition.
- No networking or support except traditional system within the Steiner/anthroposophical/biodynamic environment.
- Few exceptions to the organic rule. Organic produce made up nearly 100 percent of product.

Now

- Business grew, formal marketing strategy was put in place, management structure developed, contractual relationship established with stallholders.
- Environment has changed to high-density business and residential area. Farmers are further away from market.
- Greater awareness of organics, more questions asked by customers, more need for assurance. bigger retailers entered the market, changing the dynamics of organics.
- Suppliers became more anonymous.
- Increased competition.
- New support structures implemented in South Africa: Organics SA, PGS, Internet,

³ Written by Konrad Hauptfleisch; edited by author.

certifying agencies.

- Market share changed: fresh produce, deli and other food now make up thirty percent of the market, and only thirty percent of that is third-party certified or PGS assessed. Fresh produce is still ninety percent organic.

Product line management

This has initially been driven by the growers. They sold what they could produce under local and seasonal conditions. The market management is essentially a space and policy facilitator and not a procurement and retail setup. The individual traders run the supply and demand operations. As demand and awareness grew, some traders started buying in to complement their own produce. The market now offers organic products from abroad as well.

Initial products: all locally produced by small and micro producers and exclusive to this Market.

Current products – December 2006:

TYPE	SOURCE	TURNOVER P/A IN SA RAND	ORGANIC STATUS
Vegetables and fruit	Local (provincial)	R 900,000	Third-party certified, PGS and small quantity conventional.
Cheeses, yoghurt, milk	Local (provincial)	R160,000	Third-party certified
Meat	Local (provincial)	R60,000	PGS
Nuts and dried goods	Import	R450,000	Certified and conventional
Canned goods and cereals	Import	R90,000	Certified
Deli goods	Local	R1 300,000	Mainly conventional
Restaurant foodstuffs	Local	R1 376, 000	Small PGS, mainly conventional, small certified

By local (provincial) we mean that products come from the province of Gauteng, less than 100 km from the market.

Marketing

Advertising, organizing events and promotions are done centrally by the market office, mainly through local print media, the Internet and promotions through our anchor customers and the school parent body. Local radio is becoming more important with interviews and debates as well as paid advertising. Internet and e-mail are still small but becoming more important.

Costs, margins, price setting

Our market is mainly driven by individual stallholders. The market is situated in one of the highest per capita income areas in Africa and the southern hemisphere. This market is more aware of organics than most and is not price-sensitive but quality- and service-sensitive. We are a niche market, sometimes seen as exclusive and up-market, but with support for small crafters and growers (providing a platform for them to develop and grow).

Because we have a number of growers who are their own retailers, their margins are much better than in most environments, as there is no middle man and direct supply chain.

We cannot compete with the big retailers on price or supply. We have in the past, and must in the future, concentrate on personal, specialty service to keep our position in the market.

Market insurance and certification

In 2005 BOM initiated their own PGS to ensure that non-certified producers followed a set of draft guidelines based on the South African Department of Agriculture Standards for organic production. They plan to extend this PGS to oversee not just our producers/growers, but also all traders on our market. As South Africans become more aware of organic and planet-friendly production practice, their insistence on verifiable guarantees will increase. BOM finds the PGS route of customer assurance to be a very good alternative to formal certification.

General

The market has been growing steadily at more than ten percent over the past three years, with massive growth in health and wellness (thirty percent) and specialty food and deli (forty percent)

The major challenge is to grow local value-added goods, with their source in South Africa or Africa, rather than abroad, and to keep organic integrity. The establishment of the PGS was essential in this but will have its own challenges in the future, if apathy and the absence of local legislation continue. There is pessimism amongst small growers and producers that organic is flawed because of the big retailers' involvement, and that local, additive-free and specialties should be the future aims of this market. There seems to be limited support at the governmental level for organics, and this should have an impact on a small market.

Another challenge is more involvement by black African entrepreneurs in the organic production and supply. Our market is still mainly driven by producers of European descent.

Market hours

Thursday and Saturday, 9 a.m. to 3 p.m.

Moonlight markets:

From October to December, 5 p.m. to 9 p.m.

Contacts:

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Foxy Organic, Zambia⁴

Background

Green Fox Ltd. started its operations on February 1, 1999, to assist the agricultural sector in accessing useful information on agriculture. The Managing Director, A. de Vos, is a plant pathologist by profession and it was in that capacity that she came to Zambia in May 1994 to work for an FAO project. It was an organic seminar in 1999 and the arrival of a knowledgeable organic adviser (Susie Burgess-Wren) in 2000 that made A. de Vos decide to start a pilot project on organic farming. Several paddocks were inspected and certified for organic production in May 2000, and the first crops were planted in January 2001.

As the project is financed with personal money it started small. Organic farming had to be learned from scratch and through trial and error. The project was started while other consultancy activities were still taking place and the manager had to divide her time between various activities. At the end of 2003 the consultancies were stopped and income was earned from the organic production alone. It took five years to get to the break-even point.

The organic production takes place on just under two ha on the Lilayi farm, a conventional farm of about two thousand ha with crops and beef cattle. During the rainy season the area can be increased as nine ha have been organically certified. The staff consists of twelve general workers and a supervisor.

Marketing

Organic production in Zambia increased considerably at the end of the nineties, mainly triggered by the increased demand for organic products by U.K. supermarkets. Two commercial vegetable growers handled the majority of the organic exports. Small-scale farmers' groups produced honey, dried mushrooms and dried fruit. There was no local market.

Green Fox Ltd decided to focus on the local market under the brand name "Foxy Organics." The first customers of Foxy Organics' products were three restaurants and a wholesale company buying vegetables for lodges in the Luangwa Valley. Freshmark (wholesale buyer for the supermarket chain Shoprite) was the first to buy packaged fresh herbs in January 2002. Thereafter bulk vegetable sales went to the supermarket Melissa and a specialty vegetable store. Sales of packaged vegetables started in 2003, following a struggle to get hold of the right packaging material.

In 2003, we rented a stall at a monthly craft market that is visited by many expatriates, who were our first target group. It took six months for customers to get used to the market stall. The strategy was to bring attention to the range of locally produced organic products and to inform inquirers about where they could be bought the rest of the month. The sales at the market were not very good, but they helped a lot in creating awareness and continue today.

4. Ms. A. de Vos, Foxy Organics.

To further increase sales, an alternative “box scheme” was developed in May 2004, when we started selling organic products during the “coffee morning” at one of the international schools. Orders were taken by SMS or e-mail, and the vegetables were taken to the school for pick-up on Friday mornings. Apart from helping sales, the orders also gave a good idea of what people were interested in. This informal sales venue lasted for two years.

In August 2006, Foxy Organics opened a small store in a farmers’ market. The same strategy as for the market is used and as many organic products as can be sourced locally are for sale. In the beginning, the prices were lower than for conventional vegetables. Later, the prices were adjusted to become equivalent to those of conventional vegetables. Currently an attempt is being made to earn a small premium. However, as Foxy Organics is part of the farmers’ market where conventional vegetables are sold as well, the public does compare prices, and the acceptance of premiums is limited. Apart from Foxy Organics’ own store and the market stall, two wholesalers, six retail stores and a restaurant are supplied.

Product lines

The initial idea was to produce herbs for kitchen and medicinal uses, but it soon became clear that it was not possible to survive producing fresh herbs alone. The decision was made to include a number of vegetables, the majority of which can be eaten raw. The combination of herbs and vegetables works very well. The herbs often help repel pest insects and attract beneficial insects and help create the right microclimate. The field is planted in great diversity. Only a few rows of the same crop are planted together. The lines alternate with rows of other crops and herbs.

Where possible, vegetative propagation is used and seed is kept from flowering plants. Otherwise, seed is sourced from the Netherlands, where organically and bio-dynamically produced seeds are available. However, seed produced organically is quite expensive.

Product range

Vegetables: Beetroot, cabbage, carrot, celeriac, celery, leek, lettuce (five types), onion (spring), paksoi, paprika (two types), radish, rocket, sorrel, spinach (two types), Swiss chard, tomato (two types).

Herbs: Basil (two types), celery (herb), coriander, chili (two types), chives (two types), dill, lemon grass, lovage, marjoram, melisse, mint (two types), nasturtium, oregano, parsley (two types), rosemary, sage, salad burnet, thyme, watercress.

Other products: tomato chutney (three types), sweet and sour beetroot, kei apple jelly and jam, paprika pickles, chili sauce, herb vinegars.

Other products sold in the store: Honey, sunflower and groundnut oil, lemon grass and herb tea, other vegetables, moringa powder, several pulses and sunflower seed are supplied to the store by other organic producers.

The quality has to be as good as, or better than, the conventional products. Customers only buy what looks attractive and appetizing. Customers are invited to taste the different packed products in the store on Saturday mornings, which has greatly helped sales.

Certain products are very seasonal. As there are no greenhouse facilities to protect crops against the rains, customers will have to get used to the seasonality of these products. At the moment, it is very difficult to import any fresh fruit and vegetables from the neighboring countries due to regulations.

Packaging material is sourced from South Africa. The lack of choice in packaging materials in Zambia is a big constraint. For a long time self-adhesive labels could not be obtained locally either. Printing of labels is possible but expensive and still not economical. Glass jars and small bottles for oils, herb vinegars, jams, jellies and chutneys are currently recycled, as new ones must be imported from South Africa and are very expensive.

Handling and supply chain management

In 2003, a small packaging area was built, with a concrete floor, a roof and counters, a lockable store room for tools and equipment, and electricity to use scales and sealing equipment.

Fresh herbs are harvested early in the morning the day that they will be delivered to town. Most vegetables, however, are packed and delivered the next day. Everything that is sold to the stores is packaged in plastic to separate it from conventional products. Heads of lettuce are not packed and are therefore sold together with the conventional lettuce.

Most vegetables are washed before packaging. However, only a few herbs are washed, as many of them turn black in the wrapping if they are washed beforehand. All labels, therefore, have a note informing the customer that the product should be washed just before use.

For sales to supermarkets, vegetables and herbs are prepared according to the orders. All stores and clients are called in the morning to get the order for the next day. Some stores have a standing order. The produce is delivered to the store accompanied by the delivery note and an invoice. Depending on the agreement, it is either paid by cash on delivery or a check is collected at the end of the month. The packaged products are kept cold. Tomatoes, onion, garlic and groundnuts are packed in plastic netted bags. Dry beans, cowpeas and jack beans are packed in ordinary plastic bags, as the meshes of the netted bags are too big. Celery, leeks, spring onion, Swiss chard and carrots are bunched with elastic bands and kept in fresh water. Heads of lettuce are harvested with roots and kept in a big container with some water to stay fresh. It takes a while to know how much to bring each morning. Preferences of the customers change with the seasons.

Promotion

Foxy Organics' own store and the stall at the market are used to promote organic products and to explain organics to the public. Personal contact with the customer is very important. It makes a big difference whether one of the staff members addresses the client or the owner herself.

A brochure still needs to be developed to explain organic farming and its benefits to the public. Ideally it should also be translated into the most important Zambian languages, as the biggest potential market is the Zambian public, but then more awareness about food and its influences on health need to be developed.

Cost, margins, price setting and value addition

As there is such a variety of products, price setting for the various crops is difficult. Prices of the conventional products are used as a lead. It is felt strongly that a reasonable price affordable for a bigger public would work better than a high premium that would allow only an elite group of people to afford healthful foods.

Organic assurance and certification

Foxy Organic is certified by a foreign-based certification organization, as Zambia does not have national organic standards. Ecocert and Soil Association have been the two certifying companies used. OPPAZ is working towards a regional standard together with South Africa and (it is to be hoped) eventually local standards.

Sector cooperation

Currently there are two other producers of organic vegetables in the region. They both work with box plans. As they deliver straight to the customer, the comparison with prices in the stores is less of a problem. Both producers also deliver to the store where a commission of twenty percent is taken. The number of players in the local organic market is very small and it is important to cooperate, to increase the availability of products and help stimulate the development of the local organic market. Foxy Organics also hopes to be able to supply vegetables and herbs to a store that will be set up near a big shopping centre in Lusaka.

Ideas for the future

The farmers' market is thinking of opening a coffee store. A good kitchen will have to be built first, to make it possible to prepare and serve fresh fruit and vegetable juices, ready-to-eat salads and other healthful food. The facilities are now a bit too basic for that. To increase the interest in organics, there are also plans to establish a database of nice recipes that can be sold, to inspire the public.

An organic dairy herd for organic milk, butter, yoghurt, herb butter and ice cream is another possibility that has not been fully investigated.

Conclusion

Foxy Organics has come a long way in the development of the local market. It did not go very fast but the economical means and manpower to work on it full-time were not available. There is still a lot that can be improved, but the interest is there.

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Organic Grain Amaranth HIV/AIDS Initiative, OGAAI, Kenya⁵

Background

Strategic Poverty Alleviation Systems (SPAS), promotes trade in and consumption of organic traditional foods and medicinal resources, especially grain amaranth nutraceuticals. It is a low-cost intervention. Its purpose is to improve household nutraceutical security for the cure, prevention and management of chronic diseases. Other goals are to increase incomes at the community level to allow the purchase of other foods and medicines, create employment for poor households and improve the environment.

SPAS started the Organic Grain Amaranth HIV/AIDS Initiative (OGAAI) in 2001. SPAS required the organic grain amaranth for its HIV/AIDS management program in the slums, and the farmers needed assurance of a ready market for the organic amaranth before they could commit themselves. SPAS wanted to increase the amount of organic healthful foods consumed in the farm households and to demonstrate to poor farmers that it is cheaper to produce organic food than conventional.

When this initiative started, not even the little inorganically produced grain amaranth that was available had any other market outlet than SPAS. So the other consideration was to create awareness among the wider public of the nutritional and medicinal value of grain amaranth to secure a reliable local market. But no matter how nutritious or medicinal the grain amaranth may be, poverty had to be addressed first of all if the project was to succeed. The Kenyan economy is highly cash-oriented. It is, therefore, unreasonable to expect the poor to exclude cash and concentrate on food and nutrition security. SPAS recognizes that women head most households within the poor sections of the society, and this is clearly reflected in the proportion of women involved.

The strategy was that organic grain amaranth technology and the technology for edible weed amaranth, which is native all over Kenya, could be married. Both technologies are rooted in the best local agricultural traditions—that is, most poor farmers, especially in dry lands, grow organically (by default), just like their ancestors before them. Grain amaranth can yield 1000 kg per acre, sometimes more. Production costs are minimal, partly because it is naturally organic and thus resistant to diseases and pests, hence requiring no chemical inputs, and has a short gestation period of 45 to 75 days.

SPAS has received seed money from organizations such as the National Aids Control Council. Most of the funding, however, comes from its own activities, such as selling certified seeds for planting, consultancies and other products mentioned above to individuals and institutions outside the network.

5. Edited by author from a submission by Linus K. Ndonga.

Production

Production for SPAS has been rising steadily, from 20,000 kg of organic amaranth in 2001 to 1,580,000 kg in 2006. The conventional amaranth bought by SPAS was 380,000 kg in 2001 and 1,100,000 kg in 2006.

SPAS trained farmers directly and indirectly (by training staff of other organizations who in turn train farmers). Other groups, whose members produce for their own consumption, have been trained (e.g., a network of women living with HIV/AIDS), and they now offload the excess grain to the market or sell it to SPAS. Groups are also trained on the utilization of the various derivatives such as grain amaranth flour (both fermented and unfermented) for making pastries, pops eaten alone or mixed with other foods, vegetables and sprouts.

Market strategy

The association of grain amaranth with other amaranth species such as wild/weed vegetable amaranth or pigweed, which is associated with poverty, has created a negative attitude towards it in the mind of the public and even the government. Furthermore, there has also been a slow appreciation of herbal therapies in general. Low public awareness on traditional therapies and grain amaranth's nutritional and healing abilities, as well as a lack of awareness about its economic value, has not helped the situation, either.

Farm input suppliers, like producers of organic seed, are linked to the farmers. Once they know that a market exists for their products, they have the incentive to produce more. SPAS also promotes and gives support to farmers' organizations, to become organs for business partnerships, which will increase the farmers' capacity to access and manage markets and marketing. Of the estimated 2,500 tons of organic grain amaranth, SPAS and partners, including health providers (both conventional and traditional herbalists), consume about 2,000 tons for feeding persons infected with HIV/AIDS. The rest is traded by the farmers' groups.

The following groups have been involved in the development for increasing the market for organic amaranth products: researchers and research institutions, planners and policy makers, organizations dealing with refugees, hospitals, hotels, children's homes, homes for the aged, schools and colleges, participants in sports requiring physical health or mental alertness, and pregnant and lactating mothers.

Product line and supply chain

Availability and quality were initially very important areas of consideration, as the goal was to secure a steady supply of organic grain amaranth. SPAS only purchases grain from farmers in groups that it has trained with which it has contracted. SPAS has calculated, on behalf of farmers, the minimum price at which they should sell the grain in order to reap profits. In any case, farmers are discouraged from selling as individuals but should be organized in groups to avoid being exploited by unscrupulous middlemen. The farmers manage the project through their elected group leaders and local institutions.

Among its other activities, SPAS has also established linkages and partnerships with key stakeholders in establishing cottage agro-processing industries. More and more focus will be

put on differentiating between conventional and organic amaranth. Farmers will be encouraged to focus on local processing and manufacturing of the various products, to increase their profit margin and create more employment for rural inhabitants.

Handling and stock management

Farmers are usually trained in post-harvest management to ensure that the produce does not get contaminated. The grain has a shelf life of several years if kept in the right conditions.

Promotion

SPAS holds workshops on the uses of amaranth and sensitizes the public on the role of grain amaranth in poverty alleviation, food and nutrition security, sustainable HIV/AIDS and environment management. Exhibitions are held to demonstrate the use of grain amaranths and its derivatives as a nutraceutical to the wider public and those living with HIV/AIDS. SPAS has also been involving the media for publicity and consumer and producer awareness.

Cost, margins, price setting and value addition

Grain amaranth sells for between Kshs 50 and Kshs 100 per kg. SPAS encourages communities to add value to grain amaranth by packing it well to attract premium prices. Those without the ability to process sell raw grain.

Currently consumers buy grain amaranth not so much because it is organic but because of its nutritional value. Indeed, SPAS's initial aim was not to focus on organics. If the amaranth were to be sold as organic, it would attract Kshs 100 or more, which would render it unaffordable to the poor, pregnant and lactating mothers, children and, above all, people living with HIV/AIDS, thereby defeating SPAS's purpose.

Market assurance and certification

The members of the farmers' groups are trained on how to ascertain that grain amaranth is organically produced and that they adhere to the regulations both on the farm and during processing. SPAS inspects the production chain from planting seeds to processed products to certify that the products are organic. SPAS's commitment to organic integrity is not driven by a desire for premium prices but to ascertain that the amaranth is a genuine and effective nutraceutical.

SPAS ascertains that no harmful chemicals or even fertilizers are applied. When they have been applied, we advise the farmers to change their practices to conform with organic production, allowing for a new conversion transition period. Farmers need to keep detailed records of their practices with our assistance. It is easier to monitor the processing and packaging, as well as the storage, of the products when the monitoring is done by the groups themselves than when the monitoring is done by individual businesspeople.

Summary and conclusions

There is huge potential to add value to organically produced traditional foods and medicinal resources through agro-processing and vertical integration because most of them are currently marketed unprocessed. With regard to markets, the regional market and the global market have

not been exploited. The challenge is how to exploit the enormous potential of organic grain amaranth to achieve the national policy goals of food and nutrition security, universal health, poverty reduction and employment creation.

The capacity of community members to utilize organic amaranth derivatives needs to be enhanced, through training and demonstrations. To reduce nutrition insecurity and to increase the consumption of organic grain amaranth, the market and trading patterns should be improved. Of equal importance are value addition through better processing, packaging and quality control as well as improving amaranth's medicinal value and palatability. Important strategies for increasing its acceptance are increasing the production and consumption of organic grain amaranth through the dissemination of information, marketing, suggesting policy recommendations on amaranth development and establishing a database on amaranth production.

The media can play an important role in educating people on how they benefit from nutraceuticals. SPAS and partners need to launch an initiative to enable journalists to increase their knowledge about grain amaranth.

The relatively high price of amaranth products (such as flour, going for Ksh 200 per kg) is good for farmers, but it limits its use by vulnerable households. Therefore, the biggest challenge of this initiative was (and still may be) how to expand the market, reduce prices, and increase consumption, especially by people living with HIV/AIDS.

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ANNEX 5: LOCAL MARKETING STRATEGIES OF THE NOAMS

Kenya Organic Agriculture Network (KOAN)¹

Origin and background

The Kenya Agriculture Organic Network (KOAN) is the national coordinating body for organic agriculture activities in Kenya. KOAN emerged from a consultative process. Organic practitioners agreed to work together to achieve the synergy required to develop the organic sector. KOAN was formed to coordinate, facilitate and provide leadership and professional services to all stakeholders in the organic agriculture industry in Kenya. It aims at developing and promoting local and export markets, supporting development of affordable local certification capacity, creating awareness of the benefits of organic agriculture, developing guidelines for national organic agriculture policies and lobbying for their implementation.

Consumers' demand for organically produced foods has been growing steadily the last few years, leading to enquires about the supply of such foods from hotels, restaurants and green grocers. It will definitely be essential for KOAN to continue engaging in promotional and awareness-creation strategies to interest more consumers in order to build and secure the consumer base. KOAN has already started these activities by holding the recently concluded farmers' market during the Ecofest 2006. The market was a success.

Organic marketing initiatives in Kenya

There are around twenty organic marketing initiatives which are not driven but supported by KOAN. Among them:

- Juja organic market situated along the Thika-Nairobi highway. It was started by the Kenya Institute of Organic Farming as an outlet for organic products from its trained farmers' groups. The institute has been developing a form of participatory guarantee system with its field officers acting as inspectors.
- In Embu, an Eastern Province town of Kenya, an outlet was started to market EM². Organic Africa has continued offering organic and health foods to its customers. The company was formed by Peter Chandi, who had much experience in marketing EM and hence developed a zeal for organic agriculture.
- The Organic Shop was inaugurated by KOAN October last year with the secretary of the Ministry of Environment being the chief guest. The store was started by Sue Kahumbu, one of the most experienced organic producers in Kenya. It is situated next to UNEP and UN habitat offices so as to provide service to workers of the two UN agencies.

1. Based on various materials from KOAN. The material relates mainly to the work KOAN does with the supply chain.

2. Effective Microorganisms.

Farmers' market

KOAN organizes organic farmers' markets. There, organic producers and producers' groups are invited to interact with consumers. Currently, KOAN has organized the markets to be run quarterly in the three major cities of the country (Nairobi, Mombasa and Kisumu). The plan is to have them more often, depending on the availability of funds. The organization of these markets is in partnership with like-minded organizations. With the growing demand for organic products locally, KOAN is considering working with partners in setting up a green marketplace in the Nairobi Arboretum, an indigenous sanctuary in Nairobi. The market will also be an avenue for a regional organic and green market exhibition.

OMAP

The Organic Marketing Assistance Programme (OMAP) is the marketing arm of KOAN. It provides technical expertise to KOAN members in the areas of organic market and product development. It offers tailored advice and specialized training to farmers from small-scale producers to commercial export operators. OMAP assists producers in preparing for organic certification, the development of Internal Control Systems (ICS) required for group certification, and fair-trade and sustainable wild-harvest certification.

The services also include guidance in organizational and business management. Marketing support is one of the central areas of OMAP's work. OMAP provides regularly updated information and website and database facilities, establishes and develops linkages with organic and fair-trade buyers, and promotes and represents the sector at trade fairs.

Developing the organic produce value chain in the national market

Currently, OMAP has started assisting smallholder farmers who have been trained and who are practicing organic farming to access the organic market. It started with supplying the Organic Health restaurant in Nairobi. The model which OMAP has been developing is a two-tier system whereby the producers' groups organize for deliveries of produce to the market through a bulking intermediary centre. The bulking centre, which initially is run by a store manager, picks the products, sorts them and delivers them to the restaurant. KOAN also encourages and will support the development of other organic stores in the country.

Development of a value chain which favors smallholders is the key to the successful marketing of agricultural produce. The smallholders face the following problems: not reaching economies of scale, a lack of market-led production, a lack of record keeping leading to the failure of evaluation of enterprises, low incomes due to production of staple foods only, and a non-commercial orientation of their farm enterprises.

The following have been identified as the key challenges:

1. Through its OMAP program, KOAN provides market-led production training and assists some farmers' groups in developing planting calendars, but the groups have not been able to follow the production calendars.
2. The farmers have not been able to adopt the delivery logistics.
3. The farmers have not been able to produce high-quality produce for the market.

This has led to imbalance between the supply and demand of organic products on the market.

To enable successful marketing of produce from the smallholder production systems, these challenges need to be considered so as to come up with a suitable and sustainable value chain which will empower the smallholders and increase their bargaining power. The trained farmers are usually organized in clusters at the village level. The clusters will grow similar crops but will not exclude any other crop that an individual farmer would like to plant. The clusters will form the basis of an Internal Control System as this will also facilitate organic certification. In order to capitalize on the gains of this marketing system, the producer-training curricula should include an aspect of business management.

The production of high-quality products will assist the farmer in targeting premium markets where competitive advantage is identified, especially in the export market.

Agro-processing

Agro-processing and value addition will increase the lifespan of the produce, increase its value through proper presentation, and create a market edge for such products. The marketing system should aim at limiting the number of middlemen in the chain, who most of the time duplicate activities within the chain, thereby increasing the costs and limiting the income of the producers.

Commercial partners

Another principle that should be promoted by the value chain is building producer-buyer relationships and encouraging business-oriented production. The marketing system promoted will therefore seek scouting and identification of commercial partners and investors who will be encouraged to uphold the principles of fair trade. The partners will establish sustainable and symbiotic business relationships with the smallholders. The identification should be done carefully so as only to establish relationships with serious partners and investors who will not exploit the smallholders. Clear roles and responsibilities should be spelt out in the form of a contract which should be honored by both parties.

Planning and market information

Planning is essential for the smooth flow of products from the farm to the market. The planning should start from the farm, where production planning and cropping calendars will be developed. The necessary training and extension should be offered to the smallholder producers. This will ensure consistency of production and delivery of products in the market. Producers should be encouraged to make deliveries to the market instead of farm-gate sales, which make the producers susceptible to hoodwinking from middlemen. Market-need assessments should be done, as market development and product development depend on market information. Producers will be helped to access market information and guided to make decisions according to it.

Production for a specific market will be the first consideration of the market model. The first priority will be securing orders in market outlets where there is recognition of high-quality organic produce. This will ensure maximum incomes for the producers. Market-delivery logistics will be worked out at cluster level to enable deliveries to be made at the required time and in the required quantity.

Record keeping should be treated as a key and essential tool for marketing. Records will assist in the following:

- Determine marketing prices
- Profit and loss analysis
- Production and business evaluation and planning
- Be a basis for organic certification

Records will be kept by each producer.

Agri-product store

Also needing development are organic farmers' markets and agri-product stores in towns. They are the link between producers and consumers. The concept will involve organizing stores at the village or sub-location level linked to several clusters for servicing with products. The produce store should be well-marketed to the consumers to enable structured marketing and to build economies of scale. The stores will have a combination of different products and a range of services such as restaurants.

Logo, standards and organic assurance

KOAN has developed organic standards through a democratic and consultative process. Stakeholders developed, agreed to and adopted the standards as the National Organic Standards.

The KOAN label will identify a Kenyan organic product in the national markets. This will make consumers relate an organic product to the label. KOAN plans to promote the label. The adoption of the label will lead to a simple, affordable and credible verification system for the national market. When the East African Organic Mark is established and the system is accepted by the NOAMs, the East African Organic Mark will be used.

KOAN supports third-party certification, but KOAN is also establishing a PGS plan. KOAN already works with the farmers' groups that are supposed to be part of the future system, but so far the work with the groups has been mainly on marketing, quality and training.

KOAN's starting point for the PGS system is to give small farmers market access. The main aim of the system is to provide an "alternative to third-party certification where farmers are required to pay for certification costs." The PGS system designed by KOAN has four levels or actors:

1. Farmers: produce organic food
2. Farmers' groups: organize the delivery to the market, keep basic records and an ICS
3. NGOs oriented to extension and training: extension service, training, spot-checking the system
4. KOAN: training of trainers, design of forms, licensing of the mark, promotion, linking producers to the market and spot-checking the ICS system

The system goes far beyond verification. It includes aspects of training and marketing. No fees are charged, as the parties are assumed to integrate the work into their normal activities.

The KOAN PGS system is described in the IFOAM report PGS in East Africa (to be published).

Contact

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Organic Producers and Processors Association of Zambia³

Background

The Organic Producers and Processors Association of Zambia (OPPAZ) was founded in 1999 by farmers who were keen to promote and expand the opportunities of organic agriculture. The broader mandate of OPPAZ is to develop and actively promote organic farming, using sustainable methods of agricultural production, especially in the rural farming communities of Zambia. OPPAZ has a current membership base of fifty-seven member producers and processors, comprising small- and medium-scale farmer groups, commercial producers and processors who are working with a wider membership of over 19,000 direct beneficiaries (organic producers and wild harvesters).

The main goal of OPPAZ is to develop a strengthened organic industry in Zambia that effectively contributes to national economic growth and poverty reduction by increasing organic production for the local and export markets and improving incomes, food security and nutrition.

The objectives of OPPAZ are:

- To support the development of income-generating and diversification opportunities by enabling viable markets to develop for certified and non-certified organic fair-trade produce
- To encourage small-scale, rural-based primary production and processing of agricultural products through the provision of production, certification and marketing services
- To promote and actively develop sustainable methods of agricultural production through the provision of technical services to members and associations
- To encourage the development of mutually supportive networks with other strategic partners and organizations to increase the overall effectiveness and impact through shared input
- Advocacy and lobbying for national organic producers and processors, and to represent and maintain the integrity of the organic sector in Zambia

OPPAZ is now spearheading the development of the organic sector in Zambia and has established itself as one of the major players in the agricultural sector. Currently, twenty percent of OPPAZ's

3. Written by Patrick Mungaila, OPPAZ

members are exporting organic products to regional and European markets. In 2005, OPPAZ's members exported about 500 MT of organic fresh vegetables, 500 MT of wild harvested honey, 30 MT of groundnuts, 1.5 MT of essential/pressed oils and 0.5 MT of wild harvested mushroom. Other organic products have been sold in the local market.

Market development

In its strategic plan (2006–2010), OPPAZ describes how the association will strive to establish local and export markets for Zambian farmers through the provision of technical extension services, specialized training courses in organic agriculture, market information, contacts (for the local and export market) and pre-certification advice.

Export Market

OPPAZ is exploring the possibility of increasing the export of organic products by developing direct links with buyers and developing effective distribution channels for member producers. With the financial and technical assistance of the EU-Export Development Programme II, an Export Marketing Consultant who is currently based within the EU market was engaged in May 2006 to help develop the exports of organic products from Zambia, and in particular to help the sector find alternative markets (buyers) and to improve the sector's overall performance through better market communication.

OPPAZ has focused on access to the European markets, as the EU is the major market for Zambian organic products. OPPAZ has also acted as a facilitator between buyers and producers, mainly through its participation in national and international organic trade fairs. Over the past four years, OPPAZ's staff and seven of its member producers have participated in the Biofach (international organic trade fair) in Germany. Participation in the trade fair has given linkages that account for eighty percent of the exports of organic products from OPPAZ's members. For example, in 2004, over 200 buyer contacts were established and orders were made on nine containers (240 tons) of honey valued at €500,000 and 0.5 tons of wild mushrooms valued at €22,000.

The need to develop the local market

As a way of expanding market opportunities for organic producers in Zambia, OPPAZ is focusing on developing both the domestic (local) and export market. The local marketing initiative has developed from the realization that those organic producers that are not able to access the export market could use the local market to sell their products. The local market also provides a stepping stone towards the export market.

Marketing strategies

OPPAZ recognizes that creating and promoting local consumer awareness on the value and benefits of organic products are important. The promotion of local consumer awareness will be achieved through the following means.

Direct communication with consumers

Through personal selling and marketing to customers at organic stores, farmers' markets, supermarkets, field days, companies, corporations and community clubs. Printing and

distribution of leaflets and other promotional materials also provide the necessary marketing information about OPPAZ and the products of its members.

It is important that salespersons in organic stores and other market outlets be able to disseminate information and explain the environmental, social and economic aspects of organic farming, including the benefits of organic food.

Establishing links with the mass media

OPPAZ will maintain relationships with the media people who are interested in publicizing organic issues and supporting the organic movement. Articles on organic farming are being published in printed media such as newspapers. Other organs for public awareness are newsletters, magazines, press releases and advertisements in local newspapers that have a wide circulation. Media people are more willing to publish information that is in harmony with most of the government's policies such as promoting agricultural, environmental and health matters. It is important that the media people re-emphasize the direct benefits of organic agriculture on the environment, producers and the consumers.

Strategic alliances and collaboration with like-minded organizations such as NGOs and buyers are necessary for the promotion of awareness about organic among consumers.

Understanding customers' behavior and buying habits

For example, where and when consumers buy their products and how consumers get their information about organic products. This understanding is vital for identifying the main channels for information dissemination to potential customers and deciding where and when to sell and what types of products to sell.

Development of market logo, standards and certification

OPPAZ is facilitating the development of national organic standards with other stakeholders. OPPAZ is known as an umbrella association spearheading the organic sector in Zambia. In this regard, OPPAZ is developing a certification service for the local market only. In the initial stages, the development of a recognizable organic logo is important in promoting local marketing initiatives. The use of the local organic logo upholds the organic identity and integrity. This also improves communication about the products and the national organic movement in the country.

Management of the production and supply chain

Managing the production and supply chain is a critical factor in developing the local organic market. Production volumes and quality management are key determining factors that need particular attention. The establishment of a Quality Assurance system is important in quality development throughout the production and supply chain e.g., taking into consideration the quality of inputs used, production control and adherence to organic production standards, processing, packaging and storage management.

For the last three years, OPPAZ has been working with small-scale producers in designing, implementing and managing the Internal Control System (ICS) through structured systems for producer-group certification. The traceable Quality Assurance system enables farmers to

trouble-shoot at any stage in the production process. This helps farmers to continuously meet the quality standards and procedures demanded by the local and export markets. To achieve this, farmers are trained through the extension program. Monitoring of the trained farmers is done by extension officers, ICS coordinators and internal inspectors.

Product diversification

In the initial stages, OPPAZ is focusing on promoting organic crops and products which farmers are already familiar with and able to produce (e.g., groundnuts, honey, cotton, rice and wild mushrooms). However, with the expansion of the market, and as farmers become more confident in applying organic production techniques, diversification into other products will be encouraged (i.e., including adding other high-value farm products and crops). This will ensure that the supply of organic products in the market is not erratic and that a wide range of crops and products are available to the consumers.

Product development

OPPAZ realizes that there is need to continue improving the product quality in order to meet the market requirements, especially for processed products such as honey, peanuts, essential oils and mushrooms. As the market matures, consumers tend to demand a wider range of products. However, product development might require more capital investment for purchasing processing equipment and processing facilities.

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National Organic Agricultural Movement of Uganda (NOGAMU)⁴

Background

The National Organic Agricultural Movement of Uganda (NOGAMU) is a non-governmental organization that was established in 2001 to unite producers, processors, marketers, trainers and other stakeholders who are interested in promoting organic farming. NOGAMU aims at coordinating and promoting organic agricultural development, networking and marketing. NOGAMU is committed to improving the lives of small-scale farmers through the promotion of organic agriculture.

4. Written by Derrick Tenywa, NOGAMU; edited by the author.

NOGAMU's objectives include the following:

1. To build capacity in organic research, training, education and extension in Uganda
2. To promote local and international marketing of organic products from Uganda
3. To increase the application of organic standards and certified organic production in Uganda
4. To increase awareness about and attract support for organic agriculture in Uganda

NOGAMU aims at developing the organic sector through increased certified organic production and the marketing of organic products on the local and international markets.

The local marketing initiative for organic products

The idea to develop organic local marketing arose in 2002 and the establishment of an organic products retail outlet (NOGAMU store) was one of the strategies for development and promotion of organic products. The current market share for organic products in Uganda is still very small. NOGAMU has developed a number of strategies in order to help organic producers market their products in Uganda. These include, among others, the following:

The NOGAMU store

NOGAMU currently runs an outlet in Kampala to market organic products. This is an outlet to which members bring in their organic produce and products for sale to consumers. Suppliers to the store are provided with guidelines which they must read, understand and agree to before being allowed to begin supplying the store. This also applies to the processed products. Supply of fresh organic products is on Mondays and Fridays; the processed products can be supplied any day of the week. Payments to suppliers of fresh products are based cash on delivery or by any other arrangement agreed upon between the supplier and the store's sales assistants. This flexibility enables those suppliers who prefer to get their money after a particular period, for example a month or two, for purposes of reinvesting it somewhere else or in expanding their organic projects. The store offers free advice and information to the potential organic producers. There is an information pool in one of the corners from which all product information is freely accessed.

Initially, the store experienced a lack of consistent supply. This was addressed by identifying potential organic producers of the various highly demanded products in various parts of the country, mobilizing them into groups and sensitizing them to organic production and marketing requirements and the opportunities in the local market. Additionally, all groups are encouraged to adopt simple irrigation methods to ensure regular supplies of fresh products. This has greatly improved the consistency of supplies of products to the store and other identified market opportunities. NOGAMU is in the process of establishing other outlets in the major cities of Uganda for marketing organic products.

The basket home delivery plan

In order to increase local sales of organic products, the store introduced this plan as a convenience to customers who are sometimes discouraged from going shopping because of the constant

traffic jams on the streets of the city. Current and prospective consumers receive a weekly e-mail with the price list of the products available. Consumers then respond and place orders indicating volumes they would wish to be supplied with in the basket. E-mails are normally sent on Fridays or Saturdays to ensure that by the delivery day, Monday, all e-mails have been responded to, to enable the sales staff to pack and send the baskets. NOGAMU has acquired a van with support from Hivos to deliver these baskets and to carry other organic products to the other markets.

Creation of awareness and promotion of organic products

NOGAMU is also involved in raising awareness among consumers. This has been done through the production of information materials that include brochures, posters, leaflets and placing of adverts in the major local newspapers. The leaflets are given out to potential organic consumers during all sensitization meetings, workshops and seminars and to all those who visit NOGAMU's office and the store. T-shirts and caps that have the NOGAMU logo inscribed on them are also produced and sold at subsidized rates.

NOGAMU also celebrates the "NOGAMU day" once a year. Members in the respective regions get involved in organizing and participating in activities like the exhibition of organic products. NOGAMU invites people from all sectors, including farmers, politicians, religious leaders, health officials, the business community and other NGOs. They not only look at the organic innovations but also share experiences and get firsthand information from exhibitors who in return get comments about their products. A lot of sensitization is done on this day through provision of information materials and through speeches made by NOGAMU officials.

NOGAMU organizes and coordinates participation of members in many other local trade shows. A number of groups have benefited by getting business contacts through their direct participation in these shows. Potential buyers of organic products have continued to be identified during the major shows like the agricultural trade show in Jinja, organized by the Uganda National Farmers Federation (UNFFE), and the Lugogo international trade show, organized by the Uganda Manufacturers Association (UMA). These are both annual events.

Local producer agro-processor linkages

NOGAMU's local marketing initiatives have included the creation of market linkages among organic producers and processors to enable the respective farmers' groups to exploit the market opportunities. For example, growers of mangoes, pineapples and apple bananas are linked to processors to whom they sell directly at very attractive farm-gate prices.

Provision of technical and organizational assistance

NOGAMU's staff is involved in the provision of technical support to the farmers' groups. In so doing, a number of improvements on the products are registered, resulting in high-quality products that can favorably compete with imported and local conventional products in the various stores. Organic-products processors are also supported in accessing packaging materials which are usually imported from Kenya and sold to them at subsidized rates.

Meetings and workshops are organized for the organic producers, in which bulk buyers, support organizations and consumers are invited to interact with these producers. These meetings are beneficial and necessary as they deepen the producers' understanding of the buyers' requirements while consumers understand the values and benefits of organic products.

Logo, standards and organic assurance

NOGAMU spearheaded the development of a national organic standard, the Uganda Organic Standard (UOS). In 2004, a local certification body, the Uganda Organic Certification Company (UgoCert) was registered. This was also aimed at reducing certification costs, which is one of the major hindrances to certification of small-scale producers. UgoCert has well-trained inspectors and is offering inspection services to IMO and Ceres. NOGAMU has developed an organic brand, "Shop Organic," which will be put on all organic products sold through the store. This is aimed not only at strengthening consumers' confidence and trust but also at further promoting quality organic products marketing locally.

NOGAMU has developed a PGS. The system has currently eighteen groups, and NOGAMU expects to have forty groups with 2,500 farmers in the system by the end of 2007. The main reason stated for establishing a PGS is cost for external certification.

Similarly as for KOAN it works with four levels:

1. Farmer
2. Farmers' group
3. NGO
4. NOGAMU

Their respective roles are not so clearly outlined, but it appears to be the NGO that has a key role in monitoring farmers (done by the monitoring officer, normally a development worker from the NGO), while the farmer's group itself is not a prominent actor. NOGAMU itself makes visits to the groups.

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Tanzania Organic Agriculture Movement (TOAM)⁵

With regard to organic markets, TOAM has a significant role to play in increasing and strengthening the capacity of both small- and medium-scale producers for the fair-market trade of organic products in the domestic market. There are capacity challenges on the side of smallholder producers in accessing markets for their produce. Thus, capacity building is necessary to enable producers to address the marketing challenges but also to link them with efficient buyers as players in the marketing chain. To fulfill this strategy, TOAM plans to work with zonal offices, members and collaborating partners in facilitating training and other capacity-building initiatives, market information and market linkages. Further, TOAM will conduct some studies relevant to the subject and also maintain an up-to-date database and website that will serve as the information hub for organic agriculture products.

PLANNED ACTIVITY	IMPLEMENTATION STATUS/ACHIEVEMENT
Facilitate market linkage meetings between organic producers and buyers for developing effective partnership between them	TOAM has sensitized supermarkets and hotels to sell organically produced products. In TOAM workshops and meetings, we order organic or natural products
Facilitate members' and exporters' participation in National Trade Fairs and Exhibitions (Saba Saba, Nane Nane, World Food Day, processors' [SIDO/ UNIDO] shows)	In partnership with TanCert, KIHATA and EPOPA, TOAM has facilitated members' participation in International Trade Fair: SABASABA, National Farmers' Day: Nane nane, World Food Day and Biofach
Liaise with other organizations engaged in market linkages for exchange and sharing	Liaison with LUPONDE organic tea and herbal tea operators in the marketing domestically and export to Uganda NOGAMU and Kenya. TOAM exhibits their products in fairs
Facilitate and train members/producers on organizing supply outlets for domestic organic market in regional and towns, marketplaces and sellers like supermarket, hotels, etc.	In partnership with EPOPA, ENVIROCARE and Tancert, TOAM engaged in domestic market survey and organizing supply of organic products from Lushoto farmers to Dar hotels and supermarkets. Nearly all supermarkets have at least an organic product of herbal tea or fruits. Several regional training courses have been conducted
Carry out mass-media campaigns and programmes (TV, radio, newspapers, drama, leaflets, fliers, posters and calendars) for consumers and public awareness about organic production and trade	TOAM is using media programmes like TV, radio, calendar, and newspapers for promotion of organic agriculture and products

The following activities are planned to be undertaken:

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