EXPORT PROMOTION OF
ORGANIC PRODUCTS FROM AFRICA

Opportunities for Domestic Organic Market in Tanzania

A Rapid Market Scan
carried out for EPOPA Tanzania

May 2004

EPOPA (Export Promotion of Organic Products from Africa)
is a development programme initiated by the Swedish
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EPOPA offers African smallholder farmers opportunities for improved livelihoods through the development of organic products for export.

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Abbreviations

EPOPA	Export Promotion of Organic Products from Africa
ENVIROCARE	Environmental, Human Rights Care and Gender Organization
IFOAM	International Federation of Organic Agriculture Movements
KIHATA	Kilimo Hai Tanzania
ICS	Internal control System
NGO	Non Governmental Organisation
TANCERT	Tanzania Certification
ADP	Agricultural Development Project
GSC	Global Service Crop
HIVOS	Human Institute for Development Cooperation
GTZ	Society for technical cooperation
KNCU	Kilimanjaro Native Cooperative Union
ZANZGERM	Zanzibar - Germany
PCI	Premier Cashew Industries
KCU	Kagera Coorperative Union
GMO	Genetically Modified Organism
TBS	Tanzania Bureau of Standards
ARI	Agricultural Research Institute

Executive Summary

Production and marketing of organic products in Tanzania are still at the infancy stage despite efforts by the government of Tanzania to launch a campaign in the 1990s aimed at promoting organic agriculture and related services.

It is from the above factors that EPOPA conducted a rapid market scan to analyse the market situation and key actors in the organic products sector in Tanzania. The study aimed at assessing the local market demand and supply for existing and potential organic products in Tanzania, in a bid to suggest concrete organic market promotional interventions.

The local market has not been developed because of the low level of awareness about organic products among the population, while access to international market has been slowed down by the high costs of certification of the products.

It came out very clearly that a variety of institutions and individual farmers scattered all over the country are engaged in uncertified organic production. There are institutions that have been able to certify their products while others were not able to do so although they are convinced that their products are organically produced. However, there is no case of individual farmers who were able to certify their products - mainly due to high costs of certification.

The study revealed that there is a range of organic agricultural products from Tanzania. Some of them include dried fruits, vegetables, edible oils, jams, spices, drinks, cereals, wheat products and animal products. As far as the local market is concerned, two main marketing outlets were found to exist. The first is the so-called retailing outlet and the second one is the processing outlet. Both the outlets are very important in the future promotion of local marketing of organic products. The report also cites some examples of institutions that fall in either one or both of the two categories.

The study also revealed that the majority of organic consumers are expatriates and well to do Tanzanians. A market due to the health beneficiary effects of organic produce is emerging among Tanzanians. There are potentials to develop this market but there is need for deliberate promotional efforts. Efforts to promote the local market of organic products must be two-fold. A first promotional effort is to raise awareness among the local people so as to increase understanding in the importance of using organic products. And second is to make the products easily accessible to them.

In Tanzania, it appears that subsistence farmers will be more receptive to organic agriculture, as most of the farming practices are quite compatible with their subsistence farming practices. Joint efforts of projects involving organic farming on the promotion of organic agriculture, plus the support of the Tanzanian government to the organic sector, is a necessity towards an increased

awareness amongst the people in the country and hence is a highlight for future organic market expansion.

Stockists normally start with a limited range and quantities of products and then they increase their stocks as the number of customers grows. Most of the supplies of organically produced commodities in the local market are non-certified products. The only certified products are organic coffee, cashew nuts and tea. Even for the certified organic products, for example coffee, special promotion is required. The supply of organic products has a positive correlation to the development of projects in organic farming. Most of the supply of organic products is backed up by external support although to date, the supply does not meet the demand, especially for the export market.

Finally, the study suggested that the promotion of organic agriculture in Tanzania requires a coordination of NGOs and bodies of consultancy - like EPOPA - that have a supportive role to the organic sector. The attention of promoters of organic agriculture in Tanzania is critical in order to overcome the supply and demand constraints identified in this study.

1. Background and introduction

Production and marketing of organic products[1] in Tanzania are at their infancy stage. Most of the current organic production initiatives are targeted at the export market. In this study a number of interested people were interviewed about their perspective on the organic market in Tanzania. The issue of organic farming seems to be gaining momentum and attracts a lot of interest from local and international organisations in the country. The development of the local organic market will have to go a long way in creating an outlet for small-scale producers, giving Tanzanians an opportunity to benefit from organic products. The availability of organic products in shops will also help to create awareness among customers of health and environmental issues, which is what organic agriculture stands for.

A systematic documentation of demand and supply of the organic market in Tanzania is missing. A number of studies[2] have been done but they are not exhaustive and their findings have not been made public. EPOPA - having a mandate of promoting export markets for organic products - has considered it worthwhile to assess the prospects for local marketing in Tanzania. This very study is a result of this initiative.

Objective

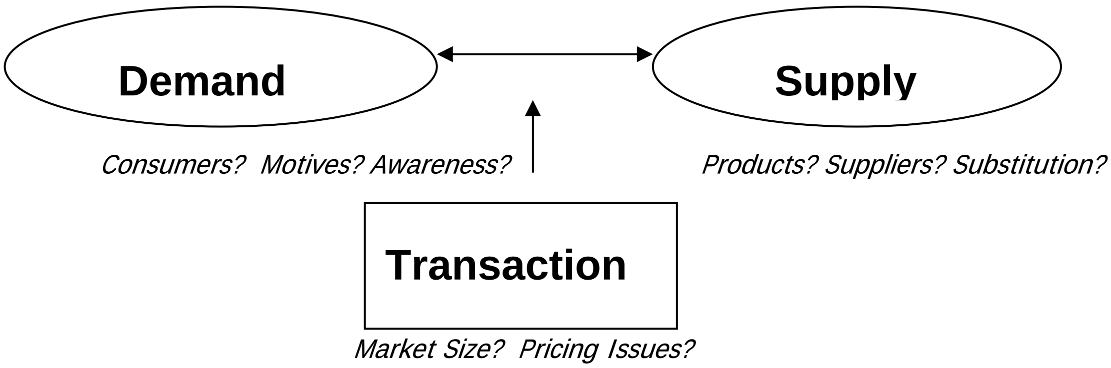
To assess market demand for existing and potential organic products in Tanzania
To design concrete organic market promotional interventions with key stakeholders

Scope of the study

A market in this study is viewed from three angles, i.e. supply, demand and transaction aspects of organic products in Tanzania as depicted in the sketch below.

[1] Organic agriculture is a broad subject. For the sake of this study a working definition is adopted which views organic agriculture as not limited only to certified products but also covers products that are considered natural, healthy, environmentally sustainable etc.
[2] We are aware of studies done by Envirocare, EPOPA, and Care which have looked at organic farming from different angles, but these have not assessed the opportunities for the local market in Tanzania.

Figure 1: Scope of the study



In analysing these three sides of the market the key drivers of marketing, namely the product, the price, the market place, its promotion and the people (consumers) are taken into account.
Apart from the above defined scope, this study was designed to be a rapid scan providing only an overview without into details. The study is also selected to trace market dynamics in the cities of Arusha and Dar es Salaam. No field visits were incorporated in this scanning, as these seem to have been covered well by a number of promotional organisations.

Approach & methodology

This study was undertaken in three interdependent stages as follows:

Review of secondary information and interviews with suppliers and customers of organic products from Dar-es-Salaam and Arusha to find out how local market evolves. It is assumed that these are the main areas where organic products are being marketed.

Rapid scan of possible suppliers and promoters of organic produce. During this exercise a questionnaire (see Appendix 1 & 3) was employed. Some big supermarkets in Dar-es-Salaam and Arusha were visited. Out of these Individual respondents were randomly chosen.

Presentation of the findings during a meeting of key stakeholders, such as Envirocare, PAMOJA, Tancert, Kihata and selected private sector companies. Through this meeting it was expected to achieve the following: Validate the results from the market scan and generate a shared view of the product-market mix (which products for whom?). In essence EPOPA feels that all key stakeholders should participate in this exercise.

The following table indicates the approach and the sampling techniques that were employed in this study.

Table 1: Approach and sampling techniques

Targeted Respondents	Sample size	Sampling method
Suppliers of Organic products (Dar-es-Salaam and Arusha)	All specialised ones plus a few non-specialised (upcoming supermarkets)	Questionnaire Observation
Buyers (final consumers) of organic products	As many as possible	At each specialised shop through stratified sampling (by income bracket, and location)
Promotional Organisations	15 potential organisations	Questionnaire to be replied through email

Limitation

This study is meant to provide an overview and to be used as a basis for initiating dialogue among promoters of organic market in Tanzania.

The completeness of the current picture of the organic market in Tanzania depends very much on the willingness of the approached actors to cooperate in providing information requested for in this study. Quite a few organisations anticipated to be promoting organic farming did not respond to the questionnaire. Some major outlets were hesitant to cooperate for fear of competition.

Organisation of the report

The report is organised in four chapters. The first chapter is the introductory chapter. The second chapter highlights the main findings of the study presented in the supply, demand and transactions sub chapters. The chapter also highlights main findings from other reports that were studied. The third chapter summarises the main findings especially on opportunities for the local organic market. The last chapter presents conclusions and recommendations.

2. Analysis of findings

Status of the organic sector in Tanzania

In the 1990s the Tanzanian government expressed special emphasis that aimed at the promotion of organic agriculture and its related services. This initiative encouraged organisations and projects involved in organic agriculture in the country. Presently there are many organisations and programmes that promote organic agriculture in Tanzania. Some of these are:

The Global Service Corpse (GSC) programme
Meatu cotton organic Project (in Meatu)
Export Promotion of Organic products from Africa- EPOPA
Natural crop protection in Mgeta-Morogoro district
Organic vegetable farming in Zanzibar
Improvement of organic coffee
INADES Formation
KIHATA
Envirocare
Care Tanzania
GTZ Organic project

As a result of these initiatives different types of organic products grow fast, especially for export. The picture that emerges is that demand for export is not being met.

A study *Exporter of organic agriculture in Tanzania* carried out by EPOPA in Feb. / 2004 depicted that inefficient support by the government and limited supply of bio inputs are amongst the problems limiting organic agriculture development in Tanzania.

The study showed that most product s which are produced and certified as organic are destined for export. Table 2 indicates the status of what was produced and exported in 2000/01 agricultural season.

Table 2. Tanzanian products produced and exported in 2000/01

No	Firm	Product[3]	Location	Destination
1	KNCU	Coffee	Kilimanjaro	In-conversion[4]
2	ZANZGERM	Ginger, pepper, turmeric, chilli, and lemon grass	Kigoma, Tanga and Zanzibar	Germany
3	MTC	Processed tea	Njombe	Europe
4	PCI	Cashew nuts	Mkuranga	
5	CSOD	Lemon grass oil, eucalyptus oil and sweet basil oil	Zanzbar	Switzerland
6	KCU	Clean coffee	Bukoba rural, Muleba	Sweden, Germany and Uk
7	BIOLANDS	Cocoa	Kyela	EEC, and USA
8.	Matunda Mema	Dried fruits	Bukoba	Germany

Source: Adah Mwasha, 2004

Since 2000/01 many more new actors have come into the organic market. Table 3, shows the status in 2003:

Table 3. Actors in organic agriculture in Tanzania in 2003

Producer	Products produced/exported	Comments
Kimango farm Enterprises	Herbs and spices, fresh and dried fruits, herbal tea, lemon grass and chillies	
Zanz-Germ	Export herbs and spices	
The Zanzibar state Trading cooperation	Export essential oils	
Daimon Golden Apis Chunya-Mbeya region	Export honey	They require market link and quality control
Small holder coffee producers in Kagera	Grow coffee	
Kyela	Grow cocoa	
Small scale farmers in Singida and Babati	Honey, pigeon peas, ground nuts, sunflower and sugar	ICS, require certification service. No identified exporter yet
Biore Tanzania in Meatu-Shinyanga region	Produce cotton	
ADP Isangati Trust Fund-Mbeya region	Grow turmeric	certified

[3] It is reported that in 2000/01 season about 1,725.6 metric tons of organic products were exported.
[4] Still under conversional period/not yet organic certified

(Table. 3 continued. Actors in organic agriculture in Tanzania in 2003)

Producer	Products produced / exported	Comments
Balangai tea estate in Korogwe-Tanga region	Grow tea	
Herkulu tea estate in Lushoto-Tanga region	Grow tea	
Mufindi tea company – Iringa region	Grow and export tea	
Tabora bee keepers association	Produce honey	Require diversified market links
Ihende Investment, tom Duville in Mufindi-Iringa region	Produce honey	Require diversified market links
AMKA in Moshi	Dried fruits	ICS, Certification
MTC	Tea	Require market diversification links

Source: Organic Food Production and certification in Tanzania - workshop report by Envirocare, 2003.

From the secondary data it is evident that Tanzania produces quite a range of organic products. However, these products are mainly for the export market. The next sections try to establish the situation of the local market.

Supply of organic products for the local market in Tanzania

The analysis of the supply sources for local organic markets in Tanzania has been divided into two main categories, namely the retailing outlets and the processing outlets. The retailing outlets have been further subdivided into specialised and non-specialised outlets. The research is based on Dar es Salaam and Arusha towns.

Specialised retail outlets

There are three specialized retail outlets in Dar-es-Salaam. These are Mums Kitchen, Envirocare and Vitality shops.
These shops started in 2000 (Mum's kitchen), 2003 (natural products shop - Envirocare) and 2004 (Vitality). Mum's Kitchen started its business when the owner learned from a relative who was doing research on the organic sector about the market niche to be explored in Dar-es-Salaam. Others like Envirocare aimed at advertising farmers' products from Kilimanjaro farmers' group with the aim to empower farmers economically, while publicizing Envirocare at the same time. Vitality is a new outfit established solely for South African medicinal products. All these shops are legally licensed. A summary of their range of products and their sources is provided in Table 4.

Table 4. Organic retail outlets: Current organic products

Product	Supply source		
	Mum's kitchen	Envirocare	
1. Vegetables	*	*	Lushoto
Lemon glass, Lettuce	*		Lushoto
Broccoli	*		Lushoto
Round potatoes	*		Lushoto
Red & white onions	*		Usambara
Beet root	*		Lushoto
Red cabbage	*		Lushoto
Cucumber	*		Lushoto
Carrots	*		Lushoto
Tomatoes	*		Lushoto
Leak	*		Lushoto
Dried (green) vegetables		*	Mwanga (Evelin women group)
Rosella		*	Arusha and Mwanga
Dried mushrooms		*	Mwanga
2. Jams			
Mango	*		Lushoto
Passion	*		Golden African
Pineapple	*		Golden African
Banana	*		Golden African
Straw berry	*		
Goose berry	*		
Mispel	*		
3. Spices			
Tea	*		Lutindi tea farm
Ginger	*		Usambara
Cinnamon	*		Lushoto
Turmeric	*		Usambara
4. Cereals			
Brown rice	*		Golden African
Rye flour	*		Lushoto
Wheat flour	*		Lushoto
Lishe	*		Dar (Kawe)
Soya	*		Arusha
Red beans	*		Golden African
Chicken beans	*		Golden African
Lentils	*		Golden African

(Table 4 continued. Organic retail outlets: Current organic products)

Product	Supply source		
	Mum's kitchen	Envirocare	
5. Drinks			
Passion	*		Lushoto
Raspberry	*		Lushoto
Orange	*		Lushoto 7 Golden African
Soya	*		Lushoto
Wine (red & white, sweet and dry)	*		Lushoto
6. Bread			
Rye bread	*		Lushoto
Yoghurt full cream	*		Lushoto
Yoghurt no cream			Lushoto
Cheese	*		Lushoto
8. Edible Oils			
Macadamia	*		Sakharan
Sunflower	*		Irente
Palm	*		Kigoma
Moringa	*		Optimal (Dar)
9. Medicinal Products			
Arovera juice	*		Processed by Mums Kitchen
Moringa powder and seeds	*		Processed by Mums Kitchen
Sting less bees honey	*		Dodoma, Golden African,
Moringa soap	*		Uganda
Neem soap & oil	*	*	Ade-natural products (Mbezi)
Arovera soap	*		Mbeya makini
Cucumber soap	*		Mbeya makini
Sea weed	*		Ade
Cucumber and carrot	*		
Natural medicines		*	Rozi Mchange (Arusha) Dakika group, South Africa
Mango & banana		*	Mwanga

The table above indicates that the supply sources are quite diverse, ranging from Arusha, Iringa, Tanga, Mbeya in Tanzania to Uganda and South Africa (for Vitality). There are ten major product groups. Typical value chain analysis indicates that these products have been produced by small scale farmers and are processed in specialised small factories. From there they are transported, through agents, to retailers from where they reach the consumers. Another specialized shop, Vitality (not included in the table), is dealing with natural medicines supplied from South Africa.

Detailed information on each outlet with regards to their perspectives on the organic market in Tanzania is provided below.

Mum's kitchen

Mum's kitchen is a small shop specialized in organic/natural commodities such as flour, juices, milk products, breads, vegetables, Soya milk, cooking oils, nuts, and cereals. Table 2 explains typical products as supplied by this grocery. The interest in engaging in organic products commenced in 2000 when the owner learned about the market niche to be explored for the huge city of Dar-es-Salaam. She felt that by providing organic products, she could make an offer of nutritious, healthy and ideal products for different ailments like diabetes, cancer, hypertension, ulcers, to list a few. This grocery shop is located at Morogoro stores, Oysterbay in Dar-es-Salaam.

About 90% of Mum's kitchen's customers is the expatriate community including tourists and 10% is composed of Tanzanians. These customers include health conscious clients and those who can afford organic prices. The others are those pushed by health requirements especially diabetics and high blood pressure.

According to Mum's Kitchen, promotion of their products is achieved through participation in the Dar-es-Salaam International Trade fairs (for expansion of clientele number) and through word of mouth from her clients. At the start, a cross section of target customers was invited to the shop where they were exposed to the variety of products in stock. They had an opportunity to taste some of the products.

Irente firm in Lushoto is Mum's kitchen's major partner, and they collaborated in attracting customers who have remained loyal to Mum's kitchen to date. The challenge still remains to establish consistency of supply and reliability. Mum's kitchen experiences unstable supply on rye flour and macadamia nuts.

Mum's Kitchen sources of supply include Irente farm (Lushoto), Golden African (Arusha), Njombe, Usambara farm and individual producers from Moshi and Arusha. Rye flour and German bread are the two fastest selling products. To keep the supply steady Mums Kitchen sometimes has to buy the raw materials from Njombe and transport it to Lushoto where it is processed. In return Mums Kitchen buys breads from Lushoto. She is still looking for vanilla and plain cheese products.

Prices of the purchased goods are generally higher than those of the conventional products. The price for a few lines of organic products could be up to twice of those of conventional products. Hence, price hinders the low-income earners from buying these organic products and there are always complaints from new customers about too high prices. It is only after having discovered how vital organic foods are that they realise that its good value is worth the extra money.

However, Mum's Kitchen's regular customers are prepared to pay a premium price as long as they are assured that the product is either produced organically or processed without inclusion of preservatives or chemicals as in the case for jams, pickles, juices and milk products.

The shop is strategically located in a prime shopping centre within Morogoro stores which gives it access to the present customers. Most of the supply sources are being supported by technical assistance from international organisations or missionary communities. Therefore the owner questions the sustainability of these supplies in absence of external support. The expansion of her shop is hindered by limited availability of capital. She mentioned a need for a credit facility to extend/boost her stocking capacity.

According to this outlet the main problems in the market are:
Limited understanding of the importance of organic products by the largest part of the Tanzanian population.
Impassable roads especially during rainy seasons to distant sources of supply
Introduction of fast foods outlets, which retract a potential group of organic consumers from regular cooking.

Vitality

This grocery shop is founded by a South African lady and located at Oysterbay in Dar-es-Salaam around the Sea Cliff complex. It started about six months ago. This grocery shop sells organic/natural products originating from South Africa. Most of what is stocked is medicinal products.

As the shop is expanding it is interested in stocking locally available organic/ medicinal products. The list of commodities the- shop would like to be supplied with immediately includes nuts, honey, dried fruits and jams. The shop owner asked for samples of locally available organic products and their price list before she could make any firm orders.

Envirocare

This shop is close to the Envirocare office, situated at Survey area in Dar-es-Salaam. Quantities sold have been increasing very quickly. For example the demand for natural products triples annually with the exception of honey which doubles every year. The prices have been stable for the past one and half years. Consumers of natural products come from long distances and are not homogenous while the majority of those who come for honey are adults, with education up to degree levels (about 90%) and come from around the area. Publicity is achieved through trade fairs, SADC shows, TNGP and customers.

Customers are asking for cooking oil (organic sunflower oil) and organic wine (banana/grape). This outlet observed that Mum's Kitchen is their competitor. This was not experienced as a threat. Envirocare emphasised that the market for organic products is not well known. Given stable supply for cooking oil and wine they can process orders immediately. Limited awareness and little understanding of the potentials of organic products in the population are the set backs for the expansion of this market. The majority of Tanzanians are low-income earners who do not understand why they should incur a premium price for organic commodities and find these products very expensive. Envirocare came up with the suggestion that there is a need for awareness creation among the local people and to emphasise on the effects of GMOs.

The summary of the unmet demand by specialized shops is presented in table 5.

Table 5. Summary of opportunities for local organic products

Product	Demanded by			
	VITALITY shop	Envirocare	MUM'S KITCHEN shop	DELI shop
Jam	*			*
Spices				*
Tea				*
Cereals				*
Rice				*
Flour				*
Beans				*
Lentils				*
Milk				*
Yoghurt				*
Cheese				*
Oil				*
Dried fruits	*			
Nuts	*			
Honey	*			
Cooking oil		*		
Wine		*		
Vanilla			*	
Plain cheese products			*	

Non specialized outlets

Sea cliff hotel/supermarket

This is one of the most expensive hotels in Dar es Salaam. It is located in Oysterbay at the sea cliff complex. The management asked straight away for the samples and the price list of locally available organic products to see if they conform to their quality standards. Soon they expect to open up the sea cliff supermarket and it is then that they shall be in the position of having concrete ideas in regards to the stocking of organic commodities.

Shoprite

This is a well-established supermarket in most of the big cities in Tanzania. The supermarket has already established four branches in Dar es Salaam and is seeking to expand. It stocks few organic/natural products like Gouda cheese, Soya drink, jams, serous tea, Tapeta tea, Tanzania pride, sunflower oil. It is willing to try out all the available commodities which are up to standard and only fast selling ones will be restocked. The supermarket also wants samples and a price list of available goods. A marketing manager, in charge of the store and management, visits the competing shops to study new commodities. In principle they do not intend to open a specialised shelve for organics and they would only stock those items that are fast moving and have assured reliable supply.

Shoppers plaza

This supermarket is situated along old Bagamoyo road and sells well-processed and packed stuffs. The purchasing officer of this outlet was eager to see samples and a price list of locally available organic commodities but he was very much concerned about packaging and general quality standards.
As it is for Shoprite, this supermarket stocks a few organic products like tea but does not intend to open specialised shelves for them.

Deli

This outlet is eager to engage in organic products. The management needs to see the samples and price list of available products. Also the products should be of high quality standards such as those accepted by Tanzania Bureau of Standards (TBS). Products should be well packed and properly labelled. Deli is quite aware that the majority of the expected customers will come from the expatriate community. Provided that locally available organic products conform to quality standards, Deli would prefer local supplies. The management insisted that these products should look neat and physically attractive. Otherwise they would rather go for imported commodities. They also felt that organic products should carry a certificate and if possibly carry the logos of outlets like Deli.

Processors of organic products

The focus of this part of the study was to identify processors for local organic products in Tanzania. The study identified six such processors. It should be noted that processors for the export market have already been covered in table 1.

Irente farm

This farm has been founded by the Lutheran church. It is based in Lushoto – Tanga region. The farm processes rye flour (German bread), wheat flour, passion juice and plums juice, vegetables, cheese and sunflower oil. Irente farm is one of the first and well-established sources of natural products in Tanzania.

Irente farm buys raw materials from farmers and processes them. Also vegetables are bought for bulking and selling. For some products (dairy products) farmers and the church work in joint ventures in which farmers provide the raw materials and Irente farm provides support on investment costs to encourage farmers to participate in the processing activity.

The recent change in management personnel has resulted in fluctuating quality and quantities of the products supplied from Irente. This has also had effects on specialised organic outlets which depend mainly on this source.

Quality Food Products Ltd

The company is dealing with safflower oil production. It is well established and is based in Njiro-Arusha region. Efforts to convert into organic certified products are underway, however, currently products are still processed conventionally and are sold as pesticide free oil. To date all quantities produced are destined for the export market. The company has no future intentions to go for the local market. A few consumers who had tested oil from this factory mentioned that if this product was available in shops they would buy it for home consumption.

Honey Research Institute - Arusha

The Honey Research Institute is a government institute. It is based in Njiro-Arusha region and collects, cleans and packs natural honey. Currently the institute's main study is on the quality of honey; to determine the water and sugar content of the honeys from their different production sources. The institute and a few out growers manage the beehives.

The institute is also launching a research survey in the country to assess peoples' awareness on honey consumption (to gather reasons why people eat honey) and at the same time as a means to gain publicity. About one ton of honey is produced per year and sold to different customers in the country. There are great opportunities to increase production but a limited supply of containers has been their main setback. In the meantime the institute is discussing how they can have their products certified organic.

In Tanzania there are other sources of honey such as Tabora, Sumbawanga, Dodoma, Rufiji, Singida etc but they are yet to be certified.

Golden African

Golden African is based in Arusha, close to the Tengeru Institute. The company obtains raw materials from a variety of sources in Tanzania including Usambara, Tabora, Kilimanjaro and Arusha farmers. It mainly processes/manufactures natural products such as jams, honey, juices and butter. Honey has the fastest selling trends and the typical labelling (Golden African) on honey jars has been an attraction to customers, especially tourists.

The production manager (Mr. Ayo) mentioned that the local taxing policies do not favour farmer prosperity and distribution and transportation costs very much affect the consumer prices. For example a carton of jars transported from Arusha to Dar-es-Salaam costs Tsh 500/= while the same carton transported to Mwanza costs Tsh 2500/=.

Golden African is eager to undergo a certification process but does not know where and how to start. Varied supply sources of raw materials complicate the certification. The company knew only of the certifier Soil Association based in England but the management learnt that neither the factory nor the farmers could afford the costs involved. Nothing was known about other available cheaper or local certifiers

They are working out opportunity costs to forego conversion of papaya-ginger syrup to organic ginger in syrup. However, it was found out that ingredients for organic processing are not available.

Royal Palm Hotel

This is one of the biggest hotels in Tanzania situated along Ohiyo Street in Dar-es-Salaam. The hotel has offered a variety of organic dishes since 1995. Most of its customers are residents of the hotel - a high calibre group of whom about 90% are foreign.

The Royal Palm Hotel has permanent staff serving in the purchase section. A purchasing officer who organizes orders through tenders heads this section. The main source of these natural products is Lushoto, where the contracted suppliers are also based. Lushoto serves as the collection centre and from where bulk goods are transported to Dar-es-Salaam.

A survey was initially launched to study the sources and production of these products as the criteria for choosing their supply sources. Dominant food stuffs include round potatoes, lettuce, leak, egg plants, pears, papaya, carrot, tomatoes and green pepper. Fast selling goods include potatoes (200 kg/day), tomatoes (about 50 kg/day) and carrots (about 20 kg/day). The expansion of their business depends on orders received from their customers.

Tanica

This is a well-established instant coffee factory based in Bukoba region. Initially it was only producing conventional instant coffee. Three years ago the factory engaged in organic production but faced some difficulties in finding an export/organic market. The first batch of 400 kg of organic coffee had no demand on the organic market. Therefore it was relabelled back to conventional. At the time of selling the coffee as conventional they received the order for 500 kg of organic coffee but could not fulfil it anymore.

Currently Tanica has good contacts worldwide, especially with Japan. Tanica has already exported 50 kg of organic coffee for which they fetched a 20%

premium price. However, the company could not foresee the reaction of consumers on organic price premiums on the local market. According to the production manager, a 20% premium price does not absorb all the additional production costs. Tanica has learned that packaging coffee in tins of yellow colours does not attract the majority of the local conventional market. On the other hand, in order to win a share in the export coffee markets, there should be additional information on the label such as "put in cool and dry place". Tanica has experience of paying US$ 200 per year to local super markets as shelf costs for the promotion of organic coffee.

Based on their long experience in the organic sector Tanica suggested that more efforts should be put into awareness raising among consumers, especially on the health effects of organic produce.

2.5 The demand side of the organic market in tanzania

Final consumers of local organic products in Tanzania

Interviews were carried out with existing and potential customers of organic products. Initially, customers of organic products were mainly foreigners of European origin. Recently a considerable number of Tanzanians start to show interest. The smallest segment of the market is composed of tourists and travellers.

This study depicted that the organic market is still at the scratch in Tanzania. A small part of the organic customers earn less than Tsh 500,000/= monthly while the majority comes from a well-to- do category which generates more than Tsh 500,000/= on a monthly basis. It is worth noting that these are elite people with good educational background. This study reveals that organic products consumed by Tanzanians include tea, soya bean, vegetables, honey, cooking oil, jam, medicines, ginger, chicken, fruits, tomatoes, cashew nuts and others (see table 2 above).

Most of the respondents mentioned limited availability of organic products as the reason why they do not get exactly what they want. They are willing to pay premium prices for certified organic products, however, not exaggerated profit margins.

Besides the lack of awareness, for most Tanzanians also the unavailability of an appropriate policy on organic products is another setback for the growth of the organic market in Tanzania. It was also found out that organic products are quite expensive for the majority. To some respondents it was the first time to hear of organic products showing that they are neither aware of the availability nor the importance of organic produce.

The same questionnaire was administered to secondary school pupils. For the majority of them it was not clear what organic products are. A few of them had heard about organic products (fruits) from their parents/relatives. Pupils who are aware of the benefits of organic products suggested that they would accept the premium prices. The majority of pupils thought that poor education on the topic is a limiting factor for the development of the organic market in Tanzania.

2.6 Transaction issues on the organic market in tanzania

Pricing

There is normally a price premium for all organic products found in the market. The exact formula is not clear. Research established that prices range from between 50% - 100% above conventional prices. For example: The price for organic tea (certified) is 77% more, jam 70% more and brown bread 100% more. Price for the same organic products differ between outlets in the same city for example in Dar-es-Salaam at Mum's Kitchen jam is Tsh 1700/= whilst the same is Tsh 1900/= at shopprite. The price is heavily influenced by the transportation costs from the production areas to the place of consumption. For example, transporting jam from Arusha to Dar-es-Salaam costs Tsh 500/= per carton, whilst it costs Tsh 2500/= to Mwanza.

Conclusion

Organic products are perceived expensive and this partly affects the size of the organic market.

2.7 Overview of organic promoters

A questionnaire was distributed among all organisations promoting organic farming in Tanzania. Unfortunately only a few responded. Below is a short overview of their responses.

Table 6. Objectives and services of organic (promoter) organisations

ORGANISATION	LOCATION	OBJECTIVES	Involvement in organic market
Isangati ADP	Mbeya Rural	To contribute to the efforts of small older farmers of Mbeya district to increase income and ensure food security.	Have promoted 281 farmers growing organic turmeric. In 2003 they produced 1300 tons.
Envirocare	Dar-es-salaam	To contribute towards on going initiatives of wealthy creation, promotion and protection of human right, gender equality and child friendly environment in a sustainable manner	Promoted 167 farmers and 11 primary schools in Kilimanjaro region producing cereal crops, vegetables, honey and small animals.
LAMP	Babati (Arusha)	The general main objective of the LAMP program is management of natural resources in Babati district. Soil and environmental conservation is one of the activities – e.g. under crop improvement and organic farming.	Emphasized a need for research to determine toxicity levels and application rates for botanicals. Promotes 1 farmer group in Babati that grow maize, sunflower and vegetables.
ARI-Mikochen	Mkuranga-Coastal region	Research on cash and food crops	Supports 90 women (farmers) involved in vegetable production in Mkuranga district.
CARE TANZANIA (TUMA UMA Project)	Kasulu office	Improving extension services (collaboration with local government), Improving production (fertility, crop management), and marketing of agricultural products and introduction of new crops.	Did market study on maize, beans, oil palm, honey, ginger, and horticultural crops in 2001. Did market study on spices (ginger, garlic and turmeric) 2002. Promote 702 farmers producing honey (8 tons in 2003 year), vanilla and organic onions in Kasulu.
FAIDA	Northern Tanzania	To promote market linkages between small holder farmer and markets	Have been involved in farmer strengthening activities in safflower programme.

Although there seems to be a high number of organisations talking about organic farming, in this research only six responded. This could mean that either they are not willing to share information or they are not really competent in organic farming or the questionnaire/approach was not suitable. This makes it difficult to have collaborative action as envisaged by EPOPA.

3. Summary of research findings

3.1 Demand side

Organic agriculture in Tanzania is at its infant stage and so is its demand. The majority of Tanzanians have limited awareness and understanding of organic products. A few, who are well informed about the importance of organic products, do not get the desired range of organic products in the local market. In terms of the opinion of the minority who go for organic products, one can easily point out that there are no complete product range to satisfy the organic market as compared to conversional products that are readily available in a wide range of quality and prices. Since the majority of people cannot understand why organic products should be sold at higher prices, the premium margins are not supported. The offered organic goods appear to be very expensive to the common consumer. Currently about 90% of the total demand for organic produce comes from the expatriate community. Only 10% of organic customers consist of local people, mainly health concerned, elite and high calibre Tanzanians.

In Tanzania it appears that subsistence farmers will be more receptive to organic agriculture compared to their colleagues with larger properties, as most of the farming practices are quite compatible with their subsistence farming practices. Joint efforts of projects on the promotion of organic agriculture, plus the support of the Tanzanian government to the organic sector, are promising evidence towards an increased awareness of organic produce and hence highlights the future expansion of the organic market. Table 3 reveals a list of products that are on demand by retailers – being evidence for the organic market growth in Tanzania. In this study there was no record of dead stock of organic products indicating that although small quantities of organic products are supplied in the local market, all of them are being consumed.

3.2 Supply side

Some salient features of the supply of organic produce in Tanzania include:

- 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 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.

- Even for certified organic products, e.g. coffee, special promotion is required.
- The supply of organic products has a positive correlation to the development of projects in organic farming.
- In 1990, the Tanzanian government made a special campaign for organic agriculture, which stimulated donor support.
- The supply does not meet the demand of organic products, especially for the export market.

3.3 Transaction side of organic market

The size of the organic market in Tanzania is relatively small. There is no structured approach on pricing of organic products. Potential consumers are expatriates and well- to- do Tanzanians. There is potential to develop this market but there is also a need for deliberate promotional efforts.

3.4 Promoters of organic agriculture in Tanzania

Promoters of organic agriculture in Tanzania include NGOs and consultancy bodies that play a supportive role to the sector. The attention given to organic agriculture by promoters in the country is highly appreciated despite the fact that it is still at its embryonic stage. World wide organic agriculture seems to attract a good number of donors. Among The projects that have been serving a supportive role in organic agriculture in Tanzania include:

- EPOPA (Export Promotion of Organic Products from Africa)
- KIHATA
- GSC (the Global Service Crop Programme)
- INADES-formation
- GTZ – organic project
- MEATU (MEATU Cotton Organic Project)
- HIVOS
- Global service corpse (GSC) programme
- Natural crop protection in Mgeta-Morogoro district
- Improvement of organic coffee

It is evident from this study that there is no coordination among the various ac tors. But more critical, there is no concerted effort to develop the local market as well as developing a niche for the export market based on the comparative advantage that Tanzania may have (such as increasing number of organic promoters, increasing local demands on organic products, etc)

4. Conclusions and recommendations

Table 7: Recommendations

Findings/observation	**Recommendation**
1. Expatriates are the main consumers of organic products in Tanzania.	1. - Promote diversification of organic products. Further analyses of the demand of this group
2.Very few (10% of a small local market segment) is Tanzanians due to their limited awareness of organic produce, low income and unavailability of the full range of the products desired.	2. A deliberate promotional effort on the importance, use, and availability of organic products is required. In this way the organic market in Tanzania can be developed. This should be done before stimulating production. Actors such as the Government, promoting organisations and farmers' organisations should work together. Starting point is Information dissemination of what is currently available, e.g. in trade fairs, radio, television, etc. Consumers and major outlets who asked for samples should be informed about promotional efforts such as trade fair to give them an opportunity to meet farmer's representatives.
3. A variety of natural, environmental, medicinal, healthy/organic products are available in Tanzania. However, supply is irregular, packing/labelling requires improvement, very few products are certified, and dependent on foreign inputs and only small quantities of products are available.	3. Increased field extension capacity in Tanzania in the organic field to educate the farmers and certification support. Training/capacity building for all those who want to be a promoter of organic sector with limited knowledge on organic agriculture
4. Exaggerated pricing affects the image of organic products	4. Pricing should reflect the additional costs of an organic operational with a reasonable premium and should not take advantage of the infancy stage of the sector TanCert could take a lead in this case by helping to set standards.
5. Availability of organic inputs is questionable. (such as organic seeds, etc)	5. Specialized centres to deal with organic inputs should be established by the government and other support organisations.
6. All main supply outlets are willing to stock and market organic products. However, the unavailability of a reliable supply of high quality products is a bottleneck.	6 Development projects in organic farming should promote the development of the local market by working on both the supply and demand side of the market. A leaflet of the conditions set by the organic outlets should be made and circulated among all potential suppliers to be discussed for collaborative action among the organic sector promoters. E.g. to develop a programme, to strengthen farmer organisations on marketing aspects. The main organic supply outlets should be invited to local trade fairs and meetings with farmers groups.

Annexes

Annex 1.
Questionnaire for specialized organic supply outlets

Name & Address of Respondent/ Business:
Business Background: -Year it started: -Reasons / Motivation: -Legal form of the business: -Employment data (Full time, Part time, Men/Women):
Type of Organic Product
Origin of the products? Locations/ Name of Producers or traders?
Last 2 years' (2002, 2003) quantities bought/ sold for the main products?
Current prices (Price List)?
Cost plus freight etc. to the selling point for the main products?
How is the product supply chain organised?
Who are you main customers and their characteristics: (Age, income, location, names, education)?
How do you reach your customers (publicity)?
Are there certain organic products that customers are regularly asking for, but you do not stock them yet? If yes why?
Whom do you consider as your competitor? For which products and why?
What are your feelings about opportunities for organic market growth in Tanzania? Could you make specific orders for certain products?
What are specific constraints that you are facing in promoting organic markets in Tanzania?
What strategies would you recommend to develop organic markets in Tanzania?

Annex 2.
Questionnaire for final consumers of organic products

Name and Characteristics of the respondent: Name: Address/ Location: Age: Monthly Gross Income: Less 200,000 200,001 – 500,000 500,001 - 1,000,000 More than 1million Education level: Employed by whom?
Which organic products do you normally buy / consume?
How did you know of the organic supply sources?
Are you getting what you want? If not what else would you like to buy?
Are you willing to pay a premium price for ***certified*** organic products? If yes, what maximum %age over conventional prices?
What do you consider as main constraints for the development of organic market in Tanzania?

Annex 3.
Questionnaire for non specialized supply outlets

Name and address of Respondent:
Are you planning to sell organic products? If yes, which products? If no, why?
Who will be your target customers?
Do you intend to buy organic products from Tanzania or Import from outside?
Given a steady local availability of stock of the following product range (certified/ non certified) what will be your monthly requirements? And under which conditions?
What will be your main conditions related to the purchased of organic products?

Questionnaire for organisations

1. Name and Address of your Organisation/ Program:

2. Main objectives and services of your Organisation/ Program:

3. Please fill the sheet on page 2, for information about Producer groups/ Products / Markets that your organisation/ program is promoting.

4. Have you done any research on local organic market in Tanzania?

Type of Research	When was done?	What was the coverage?

5. Any other remark / observation that you wish to share in order to improve the quality of this research?

Annex 4.
Information on Producer Groups that you support

Name Producer Org.	No. of members	Location	Products	Estimated volume that was produced last year (2003	Markets targeted	Your opinion about the reliability of the producers to be a reliable supplier of high quality products

Development through organic trade

Since the early 1960s there has been a growing market in Europe, Japan and the USA for products grown in a sustainable manner and without the use of agro chemicals. The organic market has grown from US$ 13 billion in 1998 to US$ 25 billion in 2005. This is due to the increasing environmental concerns by the consumers in these developed countries. As such, they are willing to pay premium prices for certified organic products. Slowly but surely, governments, as well as development cooperatives, are recognising the contributions that organic agriculture can make to environmental, health, bio-diversity and food security issues.

The aforementioned situation made for an ideal opportunity for African countries to find premium export markets. Thus, the EPOPA programme – Export Promotion of Organic Products from Africa – was birthed by SIDA in 1997.

The first two phases of EPOPA-programme from 1997-2001 and from 2002-2004 proved to be successful. In 2004, more than 29,000 smallholders participated. It is encouraging to note that the first two projects initiated by EPOPA, involving another 30,000 farmers, are self-sustaining to this day.

The price that the farmers receive for their cash crops is 15 to 40 percent higher. Many farmers report a significant increase in productivity due to more intensive crop management measures. The farmers also produce their own food organically.

The farmers also appreciate the extra attention given to them by the extension workers and generally respond to that by caring more about farming.

The higher prices are not achieved by the organic qualification only but also by better quality products and in some cases, by more direct trading structures. In one project, the exporter is also on the fair trade coffee register. These three aspects together resulted in a 50 to 100 percent increase in income.

Read more about EPOPA at: www.epopa.info

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EXPORT PROMOTION OF
ORGANIC PRODUCTS FROM AFRICA