Developing natural ingredients sectors in nine Southern African countries

Cyril Lombard, CEO, PhytoTrade Africa
PhytoTrade Africa

- Southern African Natural Products Trade Association, Non-profit
- 75 members, 9 countries in Southern Africa, launched 2001
- Focus on indigenous plant resources
- Funding from membership fees, services, donors and governments
- Working with UNCTAD BioTrade Facilitation Programme / Initiative since 2004
- Development impact, income for primary producers, alignment with industrial development policies, NDP, Vision 2030s
Value chain approach

- Adansonia digitata - Baobab
- Sclerocarya birrea - Marula
- Schinziophyton rautanenii - Mongongo
- Trichillia emetica - Mafurra
- Kigelia africana - Sausage tree
- Ximenia species - Sour plum
- Citrullus species - Kalahari melons
- Commiphora species - Mbiri
- 100’s more possible - our pipeline
Strategy in action
The Baobab example

- Develop sustainable and inclusive supply chains
- Define commercial product, market access, promotion
- Build business skills, management capacity
- Facilitate access to finance

- Addressed supply, product and key regulations (NTM) enabling market access for members
- Business planning, access to finance
- Baobab fruit 2003 to now = 7 factories in 5 countries
- Biodiversity charter, resource protected by communities

Agency Response Letter GRAS Notice No. GRN 000273

CFSAN/Office of Food Additive Safety
July 25, 2009

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Re: GRAS Notice No. GRN 000273
Project Biotrade

**Impact** - To foster biotrade in innovative consumer products utilizing indigenous natural ingredients to create jobs, upgrade skills and technology, and preserve the biodiversity

**3 Outcomes - achieved**

- Develop and expand the supply of products from the sustainable harvest of indigenous biodiversity, via product innovation and development
- Increase the export-readiness of South African brands in local and international markets that highlight the efficacy of benefits to rural communities of biotrade
- Bring biotrade products to export markets via support in trade regulations and exports
- New products developed
- New dossiers prepared, markets accessed
- New technologies developed and transferred to SMEs
- New rural and factory jobs created
- Financial and business planning support to 10 SMEs, access to finance facilitated
PhytoTrade Africa

Impacts

**Rural jobs and skills**
- 12,500 rural harvesters and primary producers in PhytoTrade member network
- 78% of producers are women
- > 550 jobs created by SMEs affiliated to PhytoTrade
- up from 350 jobs created in 2013
- 95% of Members educate primary producers on harvesting, ecosystem conservation, finance, business management and entrepreneurship
- > 6,500 primary producers received training

**Building a bio-economy**
- > $5.7 million gross revenue generated by PhytoTrade Members and Accredited Partners from sale of natural products in 2014
- 43% compound annual growth rate in sales
- > $1.2 million paid directly to primary producers in 2014
- $17 million sales over six years
- PhytoTrade targeting > $18 million in Member and Accredited Partner revenue by 2017
- working with > 20,000 primary producers who will earn > $3 million
- >1 thousand tonnes of raw or semi-processed natural products purchased by PhytoTrade Members from primary producers in 2014
- > 700,000 tonnes in 2015

**Expansion from one to 20 global markets**
Esse export territories now include Sweden, Germany, Austria, the Netherlands, Belgium, Spain, Finland, Norway, Denmark, Hong Kong, Singapore, Malaysia and USA.

**From 14 employees in 2012 to 33 in 2015**
47 Product Information Dossiers
‘a significant’ milestone which opened up the European market

Turnover doubled from R7.3 million in 2012 to R14.8 million in 2014, mostly through exports to the EU

**Company profile**
**ESSE** PhytoTrade Accredited Partner

**“This baobab fruit has changed my life.”**
Mendela says: “I started collecting baobab in 2006 and they have great value. I started with baobab fruit when I had absolutely no food and I bought a bag of mille meal with the first money I got. I have now used the money to build myself a house.

“During the times that it is baobab-harvesting season we are never short of anything, and now we are able to save.”

**12,500 rural harvesters and primary producers in PhytoTrade member network, 78% of which are women**
Lessons learned, recommendations

Pre-commercial: Combination of grant funding needed from different sources for different elements of the commercialisation process

- Expand scope of regulatory compliance work to bring additional new ingredients and consumer products to growth markets.
- Align activities more closely with related processes such as national development plans in southern African countries, and with government departments and initiatives, and other trade support organisations including SIPPO.
- Further develop a programme of research and development to expand the pipeline of innovative new ingredients from Southern Africa, produced with innovative technologies, so that the sector has a deep and reliable portfolio of innovative ingredients and product that can be produced competitively.
- Support business planning and investment readiness of members and APs, and contribute to the development of dedicated biotrade funding by the private sector to enable rapid and sustained growth of the indigenous natural products sector.

New or small businesses in new / emerging sectors need specialised finance to grow
Sustainable Development Goals

BioTrade and Access and Benefit Sharing contributes to the following SDGs

Secure sustainability, local ownership, and then crowd in private sector investment
Thank You