



Welcome to this month's bumper issue! In addition to some reflections on the past year from Gus, our CEO, we also welcome more new members, get feedback on trade fairs attended by PhytoTrade staff, and look at progress on R&D and Monitoring and Evaluation.

From the CEO

Well, yet another year has passed and PhytoTrade Africa is gearing up for its sixth AGM. As I was trying to analyse our impacts and results for this year's annual report, I realised that there can be no doubt that PhytoTrade is achieving exactly what it was originally set up to do. New products and markets really are being developed, low income producers really are being brought into the supply chain and an entirely new industry really is establishing itself in Southern Africa. It's all genuinely happening and it is, in fact, a pretty remarkable achievement.

Anyone who's ever visited an overgrazed, overpopulated, dryland communal area in Southern Africa will testify that they don't exactly abound with economic opportunities. It's often hard to believe that human life can even survive in such an environment, let alone flourish. And yet somehow they do. That there are now a few places in Southern Africa where people are beginning to earn a reasonable living from harvesting and selling natural products is, truly, exciting news.

Despite this, PhytoTrade suffers from a perennial crisis of expectations. Everyone involved wants it to be achieving twice as much, twice as quickly and at half the cost. Success is driven by ambition and there's nothing wrong with aiming high, but it is important to be realistic.

After three thousand years of development and investment, the olive oil industry still consumes millions (*Billions actually! See end article. Ed*) of dollars every year in public sector funding for product, market and supply chain development. It simply is not realistic to expect that a new natural products industry, being developed in the very poorest part of the world on a fraction of the budget needed, can achieve in a decade what governments in the richest part of the world have yet to achieve in three millennia.

A more realistic set of expectations will help PhytoTrade's members and supporters to appreciate the magnitude of its task and the significance of its achievements to date.

2006 was a good year for us and our overall progress was resolutely forwards. This year the

pace is already quickening and there are several unpredictable factors that could lead to a sudden and rapid acceleration. 2007 will also be the last year of the current strategic plan and, although no major strategic shifts are envisaged, I'm hoping that the next phase of planning will further accelerate our progress.

The good news is that there are now some really heartening signs of positive impacts. One of our team was in Zambia recently where he met an old lady who proudly showed him four new cows she'd bought with the income from selling her mongongo kernels for oil extraction. That's quite a significant increase in assets for her, and it's something we can all look forward to seeing a lot more of in the near future. Personally I can't wait!

Gus Le Breton
PhytoTrade Africa Chief Executive



Welcome to the PhytoBlog and YouTube

We now have the Phytoblog set up <http://www.phytotradeafrica.com/blog/index.htm> and a broadcast spot on Youtube. <http://www.youtube.com/profile?user=PhytoTradeAfrica>

PhytoTrade Africa attends final leg of Global Journey in London

The PhytoTrade Africa London Office together with other Fair Trade organizations welcomed the Global Journey tour on the final leg of its journey to London on 11th May 2007. The Global Journey, is a worldwide tour of the Fair Trade Organization mark banner launched in 2004. It has traveled to 47 different countries where IFAT has members to promote Fair Trade, Fair Trade Organizations and to show solidarity with the worldwide Fair Trade movement. Last year, it was welcomed by PhytoTrade Africa offices in Cape Town and Harare. The Fair Trade banner toured on top of a double decker bus around London visiting different offices of Fair Trade Organizations based in the capital.



New members

We would like to welcome the following new members to PhytoTrade Africa, whose applications have recently been approved by our Board, bringing our total number of members now to 56. They are:

- George Chitalu Munshimbwe
munshimbwe_chitalu@yahoo.co.uk
- Steve Johnson sjohnson@it.bw
- Kaputa District Farmer Association (K DFA)
oas@organic.org.zm
- Jeremy Lister-James jlj@netactive.co.za
- Wildfoods (Pvt) Ltd (David Bache)
wildfoods@botsnet.bw

Monitoring and Evaluation cases studies

In April and May this year, two case studies were undertaken in order to assess the impacts of the growing natural products industry in Southern Africa. With support from the IUCN Natural Futures Programme, the case studies focused on marula oil being produced under Swazi Indigenous Products and Mongongo oil and products being processed by Kalahari Natural Oils in Zambia. Both of these two PhytoTrade members are working with large groups of primary producers. The aim of the case studies was to assess the impact of the natural products enterprises on these primary producers. Preliminary review of the research data shows that there is evidence of both cash and non-cash benefits to the primary producers that include:

cash from natural products is being used to:

- ◆ pay school fees
- ◆ buy school uniforms
- ◆ buy staple food items such as salt, sugar, maize meal and cooking oil
- ◆ buying livestock
- ◆ paying hospital fees
- ◆ paying for membership fees for other social clubs

non-cash benefits include:

- ◆ Training
- ◆ Exposure visits
- ◆ Access to information on the potential of natural products
- ◆ Knowledge sharing
- ◆ Empowerment of women
- ◆ Job creation

Several case studies like these will be repeated over time in order to provide PhytoTrade Africa and our stakeholders with detailed information on the impacts of natural products enterprises on primary producers.

Stop press.... Baobab gets preliminary Novel Foods approval

At the end of May, the Advisory Committee on Novel Foods and Processes met to consider the UK Food Standard's Authority (FSA) draft opinion on the safety of baobab fruit. The FSA's opinion is that the products as proposed in PhytoTrade's application are safe for consumption in the European Union. Our arguments submitted in our full application in August 2006, and subsequent additional data provided in 2007, have been accepted by the ACNFP. Their opinion will now be published in all 26 EU countries and, if there are no objections, we should get full Novel Foods approval by early August.

Research and Development Update

The PhytoTrade Africa R&D programme continues to make progress. With Afriplex, PhytoTrade has developed a spray-dried depectinised extract of baobab fruit and this was featured at Vitafoods. A new information sheet has been developed and this is available from the PhytoTrade Africa website.

Samples of *Kigelia* at different stages of ripening are being collected. On these samples assays for marker compounds will be conducted. From this research we will be able to inform members on the best times to harvest *kigelia* fruit so that it yields the most potent extracts.

R&D on the oils with *Aldivia* is ongoing. Their main focus at the moment is on the development of derivatives from *Ubuntu* oils. Derivatives developed so far include *Viatenza PO6* of *Marula*, *Baobab*, *Mafura*, *Ximenia*, *Mungongo* and *KMS*.

With *Aldivia* we have also done a full battery of toxicology tests on all our oils, with good results. The full results of these will be presented at the AGM.

We have worked hard on the *Baobab* fruit Novel Food Regulation. We should have a response from the Food Standards Authority in time for the AGM. In addition, we have started work to prepare our *Marula* oil Novel Foods application

Samples of *Kalahari Melon Seed* were collected from Botswana. Local names for the samples collected were *Makatse*, *Makatane*, *Sesoswane* and *Makabane*. These were sent to *Aldivia* for comparison with existing oil specs. All the samples complied with the *Aldivia* oil specifications but all of them except for *Makatse* did not comply with the *Stafford Seed* oil specifications. Botswana can be an alternative supplier of *KMS* oil for *Aldivia* henceforth but not for *SSO*. Members in Botswana are encouraged to harvest *KMS* for oil extraction and also domesticate if necessary.

R&D based in the region also continues. The Agricultural Department in Mozambique was given a grant to undertake *Trichilia emetica* seed collection. Under this grant they have collected red seed and white seed from three Districts. Oil will be extracted from these seed samples. The oil will be analysed, the results of which will be used in developing specifications for *Trichilia* oil. Coconut oil LDA
Mozambique has also been awarded a grant for processing of *Trichilia emetica* oil from Mozambique using some innovative processing techniques. Work is still in progress.

AGM to be held in Swaziland

PhytoTrade Africa will be holding its sixth Annual General Meeting from 5th to 7th June at the Mantenga Lodge conference centre in Ezulwini, Swaziland. Highlights will include:

- ◆ An update on the Association's latest achievements with regards to developing markets for members' natural products. This will include discussions on markets for lipid oils, botanical extracts and fruit pulps, and will include some preliminary projections of market demand for each of these product ranges during the year 2007-2008.
- ◆ An update on the recent round of R&D work conducted by PhytoTrade Africa members and partners.
- ◆ Feedback sessions for both the Lipids and the Botanical Raw Materials Industry Groups to discuss the latest R&D findings pertaining to production, processing, marketing and regulatory issues (e.g. Novel Foods approval).
- ◆ A dedicated meeting for current and prospective Pre-Qualified Suppliers to explore some of the recent developments relating to supply agreements with commercial partners.
- ◆ A discussion on PhytoTrade's draft strategic plan for the period 2008 to 2011. This plan will define the Association's overall strategic direction for the next four years.
- ◆ A field visit to the factory of PhytoTrade member Swazi Indigenous Products. Here members will have a chance to see *marula* oil pressing in action, as well as the production line for the company's own brand personal care range. Discussions will also take place on the practicalities of organic certification
- ◆ A Share Fair for members. In recognition of the potential for PhytoTrade members to learn from each other, this is a chance for members to see what other members are producing and to display your own products to them.
- ◆ A Meet the Buyer session with representatives of PhytoTrade Africa's commercial partner, Afriplex, a South African company with whom we are collaborating in the field of botanical raw materials and extracts (including *baobab*, *kigelia*, *Devil's Claw* and *marula* pulp).
- ◆ Discussions on plans for a more co-ordinated, sub-regional approach towards consolidation of natural product processing, packaging and shipping. This discussion will be of particular relevance to members actively engaged in production.
- ◆ The formal launch of PhytoTrade Africa's new Natural Capital Fund, aimed at helping members meet anticipated future demand in the natural products market.

PhytoTrade Africa Natural Products Awards 2007 to be held at Natural and Organic Products

PhytoTrade Africa launched our first annual Natural Product Awards at the Natural and Organic Products in Johannesburg last year. The awards competition will be running again this year, and nominations of products, individuals and enterprises including non-PhytoTrade Africa members will be considered from our eight member countries. With prize money totalling US\$5000, the awards will be judged by a panel of international natural products, fair trade and organic experts. The awards ceremony will again be featured at the Natural and Organic Products Exhibition 12 – 14 October 2007 at the Cape Town International Convention.

Now in its fourth year and with an anticipated growth from 220 exhibitors in 2006 to 250 in 2007, this year's NOP Exhibition will for the first time be introducing established international organic exhibitors.

Says David Wolstenholme, Exhibition Director: "Each year, I repeat the fact that the organic industry is the fastest growing industry segment worldwide. In South Africa, the industry is not only driven by "conscious consumers", its being driven by a need for sustainable economic growth and job opportunities. It is imperative that we understand the opportunities and trends that are available both globally and locally and to enter into interactive conversations with the rest of the world."

Nomination forms will be available from the PhytoTrade Africa and NOP websites from July.

www.naturalandorganic.co.za

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And finally... Food for thought for the natural products industry...

Olive Oil

- ◆ Global olive oil demand is growing at a rate of 6% a year.
- ◆ Although produced in Asia, Africa and Europe, 95% of the world's olive oil sales come from European producers
- ◆ Olive oil production is dominated by large-scale, intensive production systems that cause serious desertification, habitat loss and soil erosion
- ◆ 2.5 million European olive oil producers receive \$2.3 billion a year in EU CAP subsidies,
- ◆ This is equivalent to nearly US\$1,000 per capita.

Marula Oil

- ◆ Global marula oil demand is growing at a rate of 25%
- ◆ 100% is produced in Southern Africa, with several of the world's poorest countries amongst its producers.
- ◆ Marula oil is produced by small-scale producers, sustainably harvested from native biodiversity
- ◆ 250,000 current and potential marula oil producers receive approximately \$0.25 million a year in grant support for marula development,
- ◆ This is equivalent to some US\$1 per capita.

