

PHYTOTRADE NEWS UPDATE NUMBER 9

FEBRUARY 2004

NEW MEMBERS

PhytoTrade would like to extend a very warm welcome to our new members, approved at Management Board Meetings held in September and November 2003:

- ◆ Environment Africa, Zimbabwe;
- ◆ ICRAF, Zimbabwe;
- ◆ Wilderness Africa Trust, Zimbabwe;
- ◆ Rural Associated Manufacturers (Pvt) Ltd, Zimbabwe;
- ◆ Elephant Pepper Development Trust, Zimbabwe;
- ◆ Commonwealth Forestry Association, Zambia;
- ◆ Forest Resource Management Project, Zambia;
- ◆ National Technology Business Centre, Zambia;
- ◆ Zambia Alliance for People and Environment, Zambia;
- ◆ CONASA, Zambia;
- ◆ Nyika Vwaza Association, Malawi;
- ◆ National Food Technology Research Centre, Botswana;
- ◆ Cheetah, Malawi;
- ◆ Forestry Development Company, Malawi;
- ◆ NAMDEF, Namibia;
- ◆ Moribunda, Zimbabwe;
- ◆ Luke Majoko, Zimbabwe;
- ◆ Wina Wina, Zambia
- ◆ Professor Lameck Chagonda, Zimbabwe;
- ◆ Archie Mpofo, Zimbabwe;
- ◆ John Balarin, Malawi.

The Executive Office will be sending you updated membership contact information by email – it's also available on our website.

PHYTOTRADE AGM

We look forward to welcoming you at the PhytoTrade Africa AGM that will be held in Livingstone, Zambia on 15th - 17th June. We will confirm logistical details with you nearer the time.

NEW R&D STRATEGY

Keep your eyes open for our next R&D strategy, which will be issued shortly. This will be accompanied by a call for R&D Grant Applications, so get ready to submit your applications!

FORTHCOMING EVENTS

PhytoTrade will be representing members at the following trade fairs this year:

- ◆ Biofach, Nuremberg, Germany, February 19th
- ◆ In Cosmetics, Milan, April 27-29
- ◆ Vitafoods, Geneva, May 11-13
- ◆ Natural Products Expo Europe, Amsterdam, June 15-17
- ◆ Chemical and Pharmaceutical Industries (CPhI World), Brussels, December 7-9

HIGHLIGHTS OF THE PHYTOTRADE 2003 ANNUAL REVIEW

PhytoTrade's second annual review took place in October 2003. It was led by a consultant, Geoff Rockcliffe-King, and conducted in consultation with the PhytoTrade Management Board and Executive Office. The following sections are excerpted from the review's report:

The review concluded that progress since the 2002 review has been substantial. The early decisions – to concentrate efforts on a limited range of natural products (NPs), to invest in the development of new products and to engage with potential partners as co-developers of products – have begun to deliver returns. The one factor restraining progress has been a shortfall in funding.

Networking: a start has been made with Interest Groups as the main means of technical service provision to members. The website has been a success and the "Members Only" section activated. A number of guidelines and bulletins have been published and the corporate image updated. Key partnerships have been established with commercial firms and their level of external interest has risen steadily. Membership eligibility has been revised and 26 new members admitted. The AGM in Malawi in April was a success and the Management Board has met on schedule.

R&D: the results of Phase 1 R&D have been collated, with follow-on research commissioned into technical aspects of baobab, mongongo, Kalahari melon and kigelia. The preliminary ecological mapping exercise for the four initial priority species has also been done. Three more focal species have been added to the priority list. The procedures for the award of Technical Assistance Grants and Innovation Grants were approved.

Marketing: plans have advanced for placing an NP trade database on the website. PhytoTrade has concentrated on servicing the Interest Groups (IGs) by passing on ad hoc market information. An enquiry tracking system has been set up and recorded over 15 enquiries a month from potential buyers. Staff members have attended conferences and specialist trade

shows in the region and Europe. The commercial development of selected NPs, including technical and market-related advice, is expected to follow on from the R&D inputs. The shadow pricing of agency services provided to members has been delayed by other pressing activities during the year, but is high on the agenda. The Association's presence in Europe has been successful, not least in terms of institutional credibility in dealing with commercial R&D and marketing partners.

Administrative activities: fundraising has occupied a large proportion of the Chief Executive's time. Several potential development partners have been approached with proposals ranging from USD 0.2 to 1.8 million to co-finance aspects of Phase I, but without success.

ISSUES:

- ◆ The issue of PhytoTrade's membership profile was addressed at the AGM when it was decided to welcome trading enterprises as members.
- ◆ It would be opportune to revisit Management Board composition and appointment procedures to permit the next AGM to choose the strongest possible candidates.
- ◆ The decision was taken to accelerate PhytoTrade's intended involvement in South Africa, with the immediate admission of members from that country.
- ◆ PhytoTrade needs efficient M&E in place.
- ◆ It is important to do whatever necessary to establish NP trade for members. The product development process entails sourcing samples and embarking on production trials, both of which cost money. The way forward is to extend the scope of the Association's brokering role to include risk sharing through a short-term "pump-priming" function.
- ◆ The rapid growth in the capacity of the Association is reducing the utility of Focal Points. The options are to reduce the Focal Points to informal convenors of discussion groups of members in each country or to eliminate them altogether, to reduce costs.
- ◆ The most serious issue during the year has been a funding crisis. Costs have increased,

local/regional revenues have fallen short of projections and the “funding gap”, estimated at US\$ 2.97 million, has widened.

GENERAL PROSPECTS

Prospects for PhytoTrade delivering the intended benefits remain bright. PhytoTrade has moved at an accelerated pace in the year under review. The Association has shown the ability and willingness to learn from experience and incorporate better ideas. This is an opportune time to update the strategy. Rather than continuing with amendments to an aging design, it has been agreed to re-launch PhytoTrade with a new four-year strategic plan from January 2004. In November 2003, the MB approved the proposal to embark on Phase II.

PHASE II STRATEGIC PLAN 2004-07

A new Phase II strategic plan is proposed. The goals and main design features are unchanged, but the activities rearranged in a more coherent fashion. About a quarter of the budget is directed to Product, Market, Supply chain and Institutional development activities.

PHASE II ORGANIZATIONAL AND MANAGEMENT ASPECTS

- ◆ It is proposed that a “Guarantee Facility” be set up by PhytoTrade for the benefit of members in support of Supply chain development. The idea is to build NP trade by risk-sharing new ventures.
- ◆ The staff configuration must be appropriate. The relaunch is a good time to review current workloads, identify gaps and recruit new staff to bring the team to full strength. Senior positions have been relabelled as: Chief Executive; Market Development Manager; Information Services Manager; Business Services Manager; and Technical Services Manager. A Business Services Manager (BSM) will complement the good mix of backgrounds and experiences in the present strong team. Other proposed positions are an Administrator, Research Assistant (London) and a South African Representative with secretarial support.
- ◆ Other proposed changes include the de-emphasis of Focal Points, and the conclusion of the hosting arrangement from SAFIRE.
- ◆ M&E must demonstrate the impact of the

investments at all levels. Indicators are proposed for estimating incremental household incomes and capturing changes in the capacity of the NP sub-sector.

FINANCIAL IMPLICATIONS

The intention that PhytoTrade becomes a player in the private sector leads to a reassessment of the institution’s financial sustainability. In terms of spending, the rule of cost recovery should be followed, with subsidies rationed out sparingly. In terms of revenue, management must grasp revenue sources to reduce dependency on development partners and retain a private sector approach. To operate at optimum levels and be effective in poverty reduction, PhytoTrade will require substantial development funding. During the current phase, IFAD contributed USD 1.1 million, over one third of the funding requirement. The Phase II budget shows a funding gap of USD 2.95 million and internal/regional revenues of USD 0.9 million or 14% of total costs. Assuming that IFAD continues support for PhytoTrade into Phase II, the issue remains funding the remainder of the financing gap. However, it should be easier to convince aid managers of the merits of Phase II. Newcomers to the topic must be persuaded of the necessity to engage with the whole NP market chain in order to generate new business from which rural producers can benefit.

SUPPLY CHAIN MANAGEMENT COURSE

PhytoTrade will be holding a course in March 2004 on supply chain management and logistics (including storage and distribution), post-harvest handling and quality control. We will send the curriculum and application forms to all members by email shortly.

R&D PUBLICATIONS AVAILABLE

The Phase One R&D reports have now been edited and are currently being laid-out in a user-friendly format. These reports will then be available in PDF format and in hard copy on application. A summary report is available on the members only section of the website.

PHYTOTRADE APPLIES FOR IFAT MEMBERSHIP

PhytoTrade has applied for IFAT membership (International Federation of Alternative Trade). IFAT aims to improve the livelihoods of people in developing countries by linking and strengthening organisations that offer just alternatives to unfair trade. Together, IFAT members create an alternative and fairer way of doing business. IFAT is a federation to promote fair trade and a forum for the exchange of information to help members increase benefits to producers. Similar to PhytoTrade's Fair Trade Charter, IFAT defines the following code of practice:

1. Commitment to Fair Trade

To trade with concern for the social, economic and environmental well-being of marginalized producers in developing countries.

2. Transparency

To openly share financial information, management policies, business practices, product sources, production, marketing and development programme plans on a regular basis.

3. Ethical Issues

To reflect in their structures a commitment to justice, fair employment, public accountability and progressive work practices.

4. Working Conditions

To ensure a safe working environment that satisfies at a minimum all local statutory regulations.

5. Equal Employment Opportunities

To oppose discrimination and ensure equality of employment opportunities for men and women who suffer from exploitation and the effects of poverty and racial, cultural or gender bias.

6. Concern for People

To promote development which improves the quality of life and which is sustainable for and responsible to both people and the natural world.

7. Concern for the Environment

To encourage the trading of goods which are environmentally friendly. To manage resources sustainably and to protect the environment.

8. Respect for Cultural Identity

To encourage production and development of products based on producers' cultural traditions and natural resources.

9. Education and Advocacy

To promote fair trade by encouraging people to change consumption patterns based on issues of social justice and concern for the environment.

PARINARI KERNELS NEEDED!

After a recent email to the Parinari interest group, we are appealing to you to contact us if you know where we can obtain Parinari kernels for both R&D purposes and commercial trade. Please contact Nyarai Kurebgaseka, Technical Services Manager on nyarai@phytotradeafrica.com.

MARKET NEWS

The major part of our market activity over the past three months has been in planning, which we are confident will come to bear fruit in the coming months in the form of sound commercial partnerships. We have had progressive negotiations and developments with our collaborating commercial partner Aldivia. Through Aldivia, sales of all our oils have been made to fulfil the R&D requirements of several major cosmetic brands. Aldivia are well into their product and market research and development programmes using our oils as ingredients in pilot tests, with good responses so far. Through our collaboration with Aldivia, all our oils will be represented at In-Cosmetics in Milan on 27th - 29th April.

Aldivia, plus some other well-known natural cosmetics companies, plan to visit PhytoTrade offices and members in the region during June 2004. More news on this in due course...

PhytoTrade will be exhibiting at Vitafoods 13th - 15th May in Geneva. We will be focussing on the promotion of Kigelia and baobab fruit pulp. Our R&D and marketing efforts are directed at maximising our impact at this show. We're also negotiating important trade opportunities with these two products with clients in South Africa, Europe and the USA. We have good expectations that these negotiations will yield positive results over the coming months.

SOUTH AFRICAN MEMBERS ACCEPTED

We're pleased to announce that at our September Management Board meeting, it was agreed that PhytoTrade would now accept applications for membership from South Africa.

ORGANIC CERTIFICATION

There is no doubt that organic certification will enhance PhytoTrade member's chances of export market penetration. However, Many PhytoTrade members do not have prior experience of organic certification. So, PhytoTrade has engaged a consultant to develop of a set of user-friendly guidelines on how to go about the process of organic certification. The consultancy currently taking place will:

1. **Collate information about organic certification in Southern Africa** pertinent to the needs of PhytoTrade members and relevant to small scale rural producers of wild harvested natural products;
2. **Prepare a set of step-by-step practical guidelines** on the process of organic certification for use by members that will include:
 - ◆ Examples of case studies of organic certification procedures;
 - ◆ Lists of permitted and non-permitted chemicals and pesticides and the conditions under which they will affect organic certification;
 - ◆ An overview of the environmental factors that affect organic certification;
 - ◆ A summary of international legislation on organic certification;
 - ◆ A glossary of terminology;
 - ◆ Sample application forms for different certification agencies;
 - ◆ Sample internal auditing and internal control system monitoring forms;
 - ◆ A contact list of individuals, organisations and agencies in the region involved in organic certification.
3. **Provide on the ground assistance to two PhytoTrade members** in Namibia and Zambia, providing them with guidance throughout the process of applying for organic certification including:
 - ◆ A review of legislation;

NEW TRADE PUBLICATIONS AVAILABLE

PhytoTrade is subscribing to the following international trade journals:

- ◆ **Cosmetics & Toiletries**
- ◆ **Soap, Perfumery and Cosmetics**
- ◆ **South African Journal of Natural Medicine**
- ◆ **Nutrafoods**
- ◆ **Nutraceutical World**
- ◆ **Soft Drinks International**

By email and through the website, we will draw your attention to any potentially interesting articles that are relevant to PhytoTrade's activities, and we will send you photocopies upon request

- ◆ Supervision of the preparatory work: collation of maps; compilation of lists of collectors; collection of affidavits from a third party on the ecological situation of the collection area.
- ◆ Setting up of Internal Control Systems where the certification body can monitor products from the controlled area, ensuring they meet required quality requirements;
- ◆ Development of contracts for harvesters to abide by organic standards e.g not to be destructive of the ecosystem, not to harvest in areas using non-approved pesticides, etc;
- ◆ Design of ongoing training programmes for harvesters, for example on quality control and environmental protection.



Silvia Itenge, from Edufano Women's Cooperative in Namibia, who participated in the organic certification consultancy decorticates marula kernels in Namibia (photo: Tom Dieters)

PHYTOTRADE RESEARCH PROJECTS

In 2004, four Pharmacy students will be conducting the following research on behalf of PhytoTrade under the supervision of Professor Chagonda at the University of Zimbabwe:

Comparison of *Aloe excelsa* and *vera* properties

- ◆ Review the literature on Aloe species
- ◆ Investigate the difference in chemical composition between *Aloe vera* and *excelsa* using the inductively coupled Plasma-Atomic Emission Spectroscopy
- ◆ Screen anti-microbial activity of the two species
- ◆ Formulate cosmetic creams
- ◆ Test creams for thermal stability, pH, viscosity

Development of quality standards for *Kigelia Africana* (sausage tree) pulp

- ◆ Collect, slice, dry and mill kigelia fruit using the most appropriate method selected from the 2002 R&D report.
- ◆ Develop standards for moisture content, colour, and granule size
- ◆ Monitor quality of dried pulp by assaying marker phytoconstituents and moisture content

loss on drying

- ◆ Conduct stability test on the dried pulp stored under different conditions

Assessing the effect of *Trichilia emetica* oil extraction methods on the quality of oil

- ◆ Extract *T. emetica* oil using three different procedures: cold pressing, solvent extraction and the traditional oil extraction.
- ◆ Determine the oil yield for each method
- ◆ Compare viscosity, density, smoke point, colour and melting point
- ◆ Investigate presence of anti-nutritional factors such as aflatoxins, tannins, saponins, phytic acid and trypsin inhibitors in each oil extract.

Extraction and estimation of vitamin C content in *Adansonia digitata* (baobab) fruit pulp and formulation of pulp capsules

- ◆ Determine pectin, vitamin C and other essential nutrient content
- ◆ Remove pectin without losing the other essential nutrients
- ◆ Quantify the remaining nutrients
- ◆ Formulate capsules using the remaining pulp.

STAFF CHANGES

Rose Musimwa, who has provided invaluable secretarial support to the PhytoTrade office has been promoted to the position of Administrator and Membership Secretary, in order to service your membership needs more comprehensively.

We are delighted to report that **Francisca Patsika** has been appointed as our new Secretary/Receptionist from February 2004. Francisca has over 13 years experience working for, amongst others, Zimbabwe Sun hotels. Hard though it will be for her to fill Rose's shoes in this position, we are confident that she will make an excellent job of it.

Lucy Welford, your Information Services Manager will be going on maternity leave from

the end of February. She is, however, confident that the strong and supportive team at PhytoTrade will be able to assist you with all your Information needs during her absence. Please expect your next update in May - a little later than usual.

Management Board Changes:

We welcome **Caroline de Kock**, Managing Director of Speciality Foods of Africa to PhytoTrade's Board. Caroline has three years of experience working in the processing of natural food products. Her experience will provide PhytoTrade members with insights into issues as wide ranging as sourcing raw materials, establishment of community groups, fair trade issues, R&D, packaging requirements, marketing and promotions, and export regulations.

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