TRANSFORMING AGRICULTURE IN AFRICA
AGROECOLOGY and ORGANIC TRADE

Reducing Synthetic Pesticides and Fertilizers

# Organic Markets & Africa

## State of the play and perspectives

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# Outline

1. Key trends on the Global Organic Market

2. Organic Trade in Africa

3. Possible game changers: proven recipes & innovative solutions

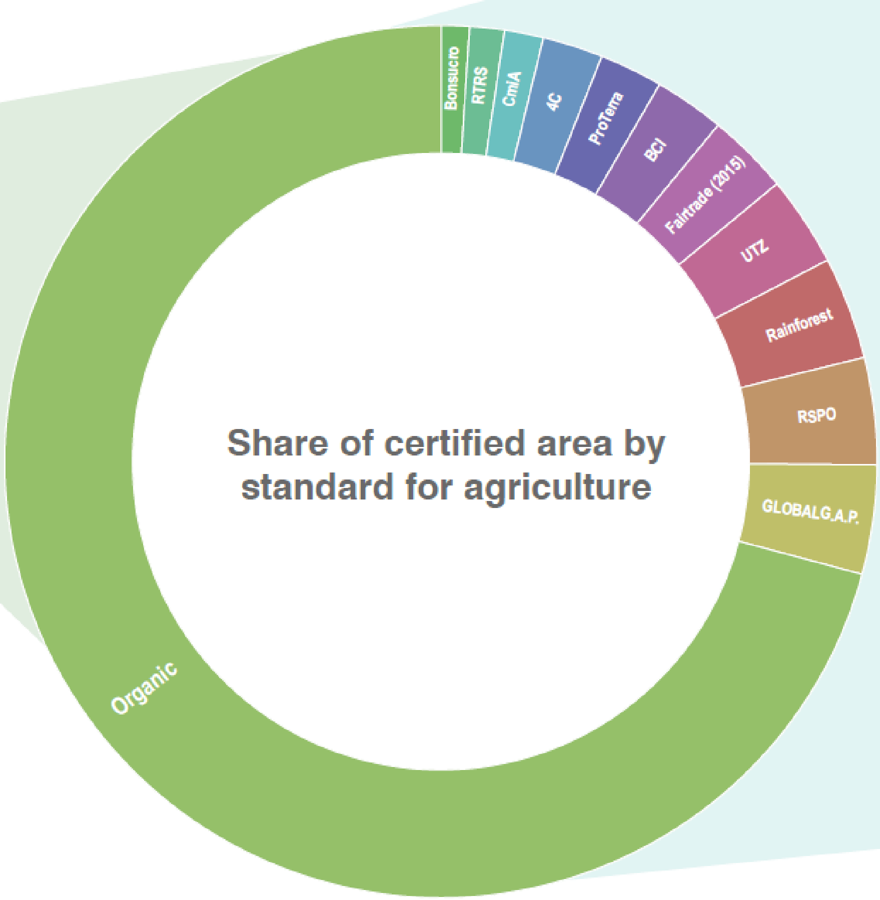
# 1. Key trends on the Global Organic Market

## Global organic market

- **Organic standard: leading sustainability standard** in terms of area (1.4% of the total agricultural land in 2017) and product variety
- **Growing importance & multiplicity of VSS** (over 255 in 80 sectors)
- Competition, single commodity standards & predominance in some sectors *(risk of confusion for consumers?)*

  Ex. Cocoa ± 25% certified area

  UTZ 21%, Fair Trade 7%, RA 6%, Organic 3%
- Complementarities: ± 50% faitrade production is also organic




Source: ITC, FiBL & IISD

# 1. Key trends on the Global Organic Market

## Global organic market: Food & Drinks

• **Market size** (2017) : **$97 b ➔** ± 100% increase since 2008

• **Largest markets**: **USA $45.2 b; EU $39 b** ; China $8.6 b; Canada $3.4 b

**NB:** Equivalence agreement US/EU in 2012. *In Africa, only Tunisia has equivalence with EU standard*

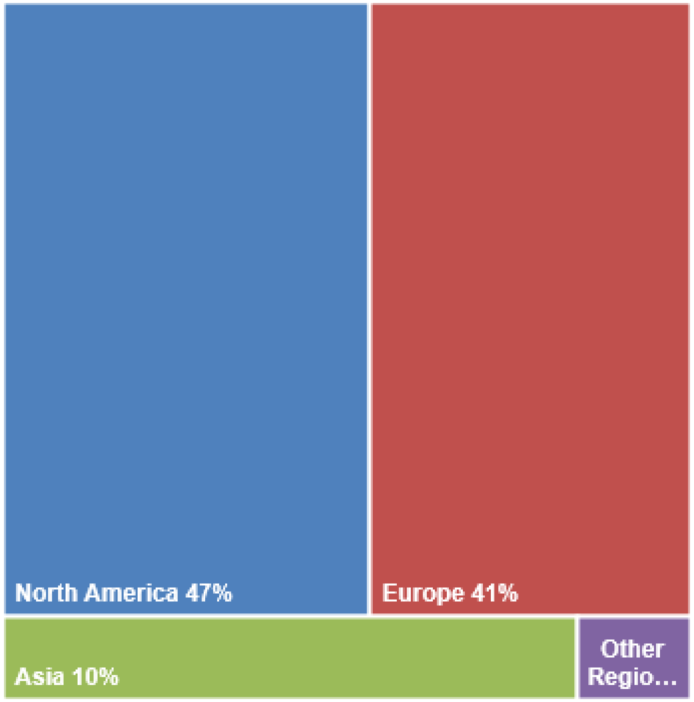
•**Key products**

**US Retail Sales: Milk ($1.4 b), Salads ($1.1 b),** Eggs ($0.8 b), Chicken ($0.5 b), Apples (± $0.4 b)

**EU Imports*: Tropical fruits & spices 27%;** Coffee & tea *unroasted* 9% ; Other Fruits 7.3%; Rice 5.5%; Cocoa beans 4.6%; Oilseeds not soy 3.9%;  Olive oil 3.2%.

* Estimated Share of Total Import Value

*Share of the global organic market by region 2017*




Source: ITC, FiBL & IISD

# 1. Key trends on the Global Organic Market

## Global organic market: Other major segments

•**Baby care >20% increase** (USA; 2018): food, milk, skin care products, shampoo… Focus on healthy and natural ingredients


•**Aquaculture: 47% of global fishery production** in 2016, more thank 50% in 2020

Egypt and Nigeria (1.7% & 0.4% of the global production in 2016)

*Share of certified aquaculture production = 6.3% …but…*
*Share of organic aquaculture production = 0.1%* (vs 3% Global G.A.P; 1.1% FOS; 1% MSC)

# 1. Key trends on the Global Organic Market

## Global organic market: Other major segments


• **Animal feed:** Oilcakes = 352'000t imported in the EU in 2018 (3.6% of the total value of organic imports);
+ significant organic cereals imports (ex. wheat)

Projected market growth >7% per year over 10 years

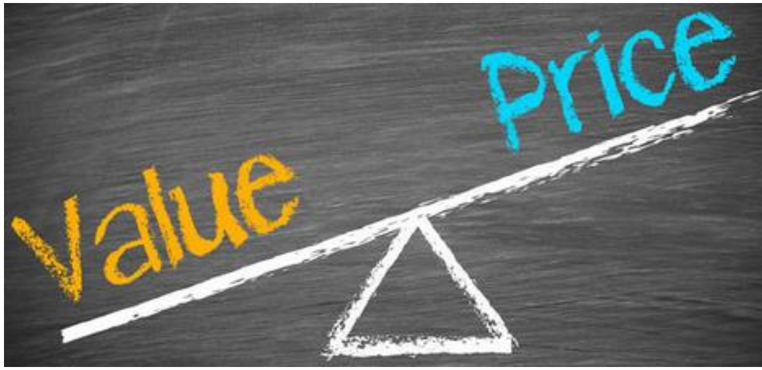

• **Beverages:** ex. $412 M organic Kombucha in the USA + Juices, Alcoholic drinks…

and also…

•**Global market for organic cosmetics** projected to grow by 8–10% annually & **exceed 20 US$ billions by 2022**

# 1. Key trends on the Global Organic Market

## Global organic market: Price premiums




• Despite continuous market growth and increased supply, the **average level of price premiums remains high** (**> 20%**)

… but…

• **Significant disparities in average premiums :** eggs 80%; fruits and vegetables, between 60% and 7%, baby food 20%

…and…

• ***Large share of the premium is captured by retailers and intermediaries*** ➔ High prices limiting access to organic products & **importance of direct marketing channels for producers and consumers**

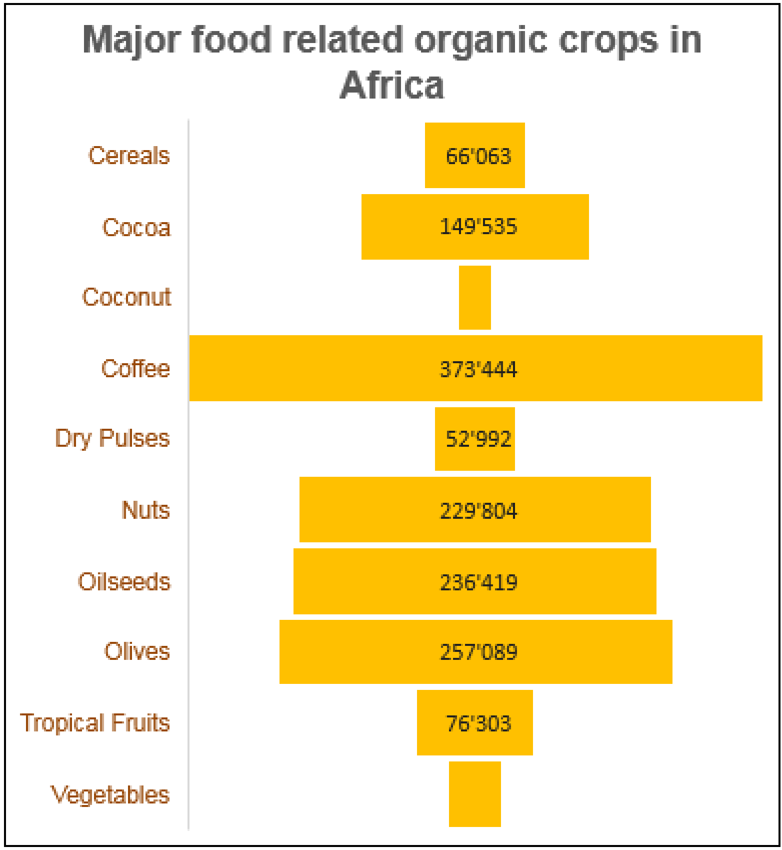
# 2. Organic Trade in Africa

## Overview

- Mostly **export oriented**
- Some champions and success stories (ex. East African Organic Standard, Tunisia, Uganda…)
- **Emerging domestic market** (PGS, farmers market, direct sales, organic stores, supermarkets…)

…but…

- Few countries with national organic legislation (2-10) and small number of national/regional standards identified (± 12)
- **Limited market information** and access to finance for certification, research…

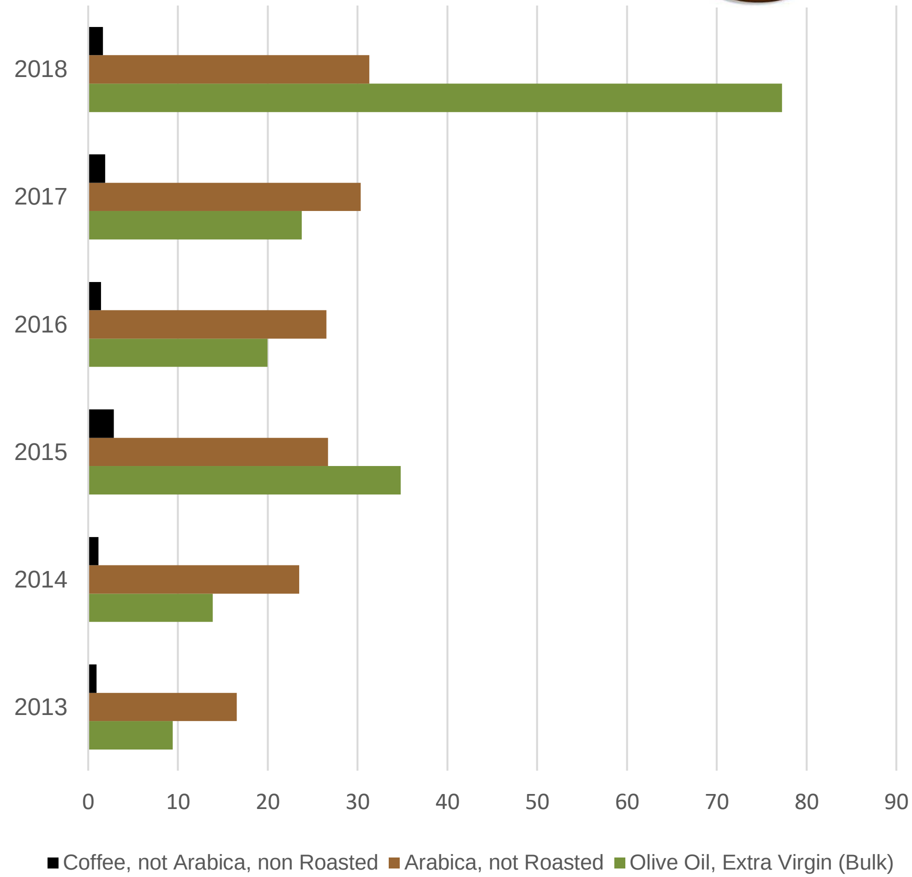



Land use in ha. Source:FiBL & IFOAM

# 2. Organic Trade in Africa

## Export figures: US Market

- **Extra Virgin Olive oil:** Biggest recorded import, **Significant market share (34% average);** Tunisia (96%), Morocco (4%)
- **Arabica** (non roasted)**: 10% average market share**; Ethiopia (80%), Uganda (7%), Rwanda (5%), Congo (3%), Kenya (3%), Tanzania (1%)
- **Other Coffee** (not Arabica/non roasted): Ethiopia (87%)
- *No recorded mango or banana imports*
- *No data for some major crops (ex. Cocoa)*
- *Exports in bulk (limited added value)*




Source: USDA/FAS

# 2. Organic Trade in Africa

## Export figures: EU Market

• Tunisia is the 9th exporter of organic agrifood products to the EU in 2018 (estimated 4.1% share of total import value)

• 9 African countries export more than 10'000 tons organic agri-food products to the EU

### Key crops & Major African providers

• **Tropical fruits, nuts & spices: Ivory coast** (12'686t) & **Ghana** (11'527t) supply **<u>3.1% of total import volume</u>**

• **Coffee & Tea : Ethiopia** (5'255t) & **Uganda** (4'926t) supply **<u>8% of total import volume</u>**

• **Cocoa beans: Congo** (9.864t), **Sierra Leone** (7'681), **Uganda** (5062t), **Tanzania** (3166t), **Sao Tome** & **Madagascar** supply **<u>37.5% of total import volume</u>**

**+ Morocco** (5147t fruits) **& Tunisia** (30'000t olive oil)

# 2. Organic Trade in Africa

## Domestic Market

• *Very little data available*: **Total organic market in Ethiopia, Kenya and Zimbabwe estimated at $17.2 M in 2017** (15.9€) with ±83% of the sales in Ethiopia

• Reasons: No statistics & limited access to certification…

…but…

**Positive trends for the development of organic sales**

– **dynamism of PGS initiatives**, efficient solution for the local/national market

– Rise of Africa's middle class >100 million people in Sub-Saharan Africa (excluding South Africa) with total spending power of +$400 M per day… & impressive growth forecast

Nairobi central market © kohsah

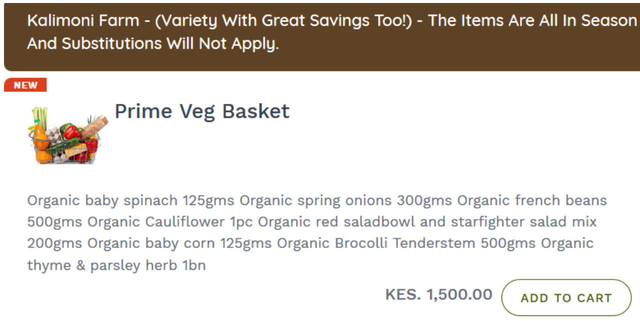
# 2. Organic Trade in Africa

## Domestic Market


- **Positive trends**
  - **Development of the retail sector**; supermarkets/modern stores are growing and still only represent a fraction of the sales (around 10%) and **development of organic stores**
  - **Enhanced direct sales opportunities :**
    - e-commerce sales in Africa could range between \$50 b to \$75 b in 10 years and improve the marketing of African organic products ➔ **Availability of organic products on African e-commerce platforms**

      Generalist platforms, e.g. Jumia

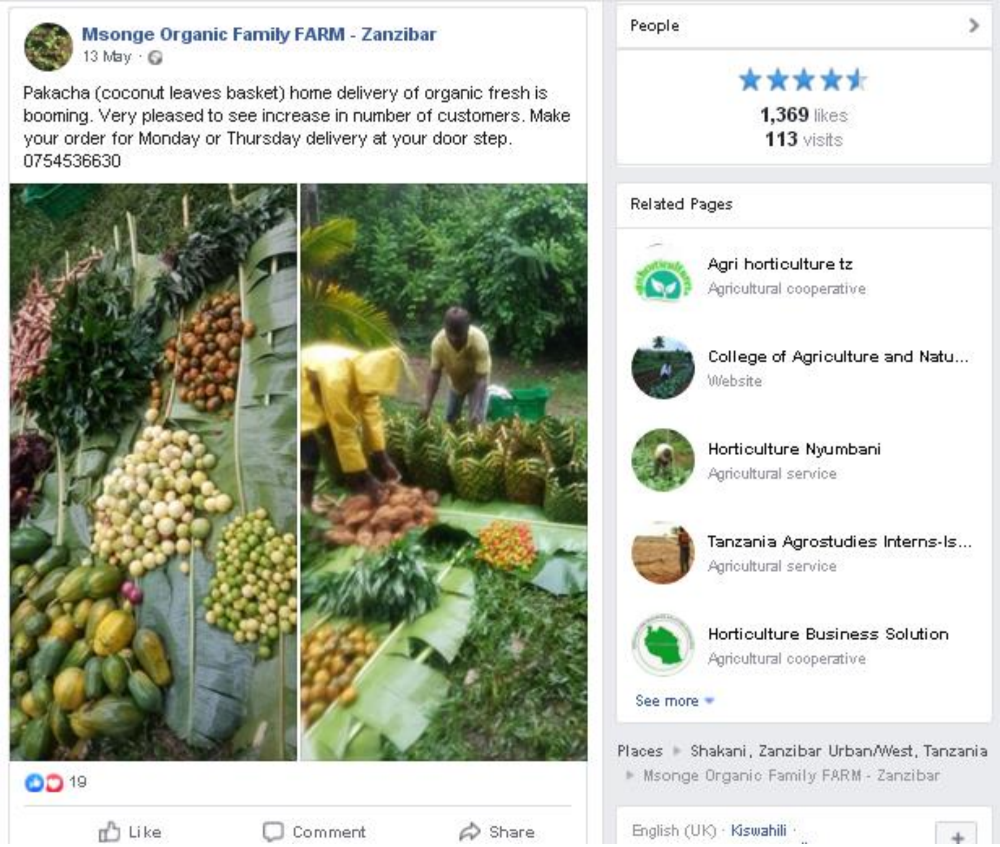
      Specialized platforms, e.g Kalimoni Green (Kenya), Epicerie verte (Morocco), Cooperative Sell-sellal (Senegal), Msongue family farm (Zanzibar)
    - Famer's markets



# 2. Organic Trade in Africa

## Domestic Market

– **Enhanced direct sales opportunities :**



# 3. Development options

## Long lasting challenges

• Organic production and trade are key issues for the development of many green value chains but **there is still a lack of awareness & capacity**

## Proven solutions

• **Make certification work for small producers**: continue supporting national/regional certifications & PGS, promote a continental standard? (linked with the CFTA?)

• **Raise awareness outside of the organic community**; collect and disseminate strategic information: market trends and opportunities for African businesses, trade statistics (move beyond number of producers & production area)

• **Identify & support high potential value chains**

• **Develop linkages**: retail, tourism, trade promotion agencies, finance institutions, importers

# 3. Development options

## Innovative solutions: agrifood tech a possible boost?

• **Start-ups from developing countries** are creating innovative **solutions to improve quality, traceability, marketing & strengthen supply chains**

• Interest: tailored to small producers & businesses' needs, simplicity of use (decentralized, mobile based), replicability & South/South collaboration opportunities

## Illustration - the Global Agrifoodtech Plaform

### Ex: FOODPRINT: Produce aggregation & food traceability solution

Blockchain technology capturing information at various points of the supply chain (e.g. production, processing, distribution…)

– **Traceability** "from the farm to the fork"

– **Real time data** (improved produce estimation, production planning & sales)

– **Mobile based advisory services** & crop monitoring


https://foodprint.farm/technology/

# 3. Development options

## Illustration - the Global Agrifoodtech Plaform

**Other examples of tech-based solutions:**

• Credit scoring systems, Portable fruit analysis (Visible and near-infrared spectroscopy combined with AI); Drone operated crop health management systems…

# 3. Development options

## … and a few questions to finish

- *Are we only preaching to the believers?*
- *Where is the private sector (retailers, processors, exporters…)?*
- *Why aren't we focusing more on trade?*
- *How can certification really work for African producers & consumers?*
- *How far can we go with a model centered on exporting raw products to a few markets?*

# Thanks!

ANY QUESTIONS?

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