
Opportunities from systematic investment in natural products commercialisation

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**The Southern African Natural
Products Trade Association**

The Southern African Challenge

Environmental

- Predominantly arid/semi-arid
- Negative forest cover growth due to a myriad of causes e.g. agricultural conversion, fuelwood, construction

(FAO, 2000)



The Southern African Challenge

Social



115 million people in
the region:
75 mill earn US\$ <1,000/an
35 mill earn US\$ < 100/an

Legacy of colonial rule is that many of the low income earners live on marginalised lands most vulnerable to desertification

The Southern African Challenge *Potential*



- 56% landmass is forest + woodland
- 30,000 species, of which only 50 been subjected to any form of commercialisation



Conventional approaches to desertification

Technological solutions that allow for agricultural intensification

Overlook the following factors:

- Not accessible by people in dryland areas
 - Often at the expense of local biodiversity
 - Often the focus is on a narrow portfolio of commodities (arable crops/ livestock) whose global prices are not favourable to poor people & over whose prices low income producers have no control
-

PhytoTrade's approach



- Natural Products Industry where adding value promotes sustainable management e.g. FT, Organic

- Local Biological Resources

- Wild harvested, Indigenous species

- Accessible by low income producers

- No upfront investments required

- The resultant products are not global commodities, & producers have much more say in determining prices

- Southern Africa's competitive advantage

- Support livelihoods in dryland areas



The Southern African Natural Products Trade Association



- Member based Trade Association
- Members all from Southern African region with diverse backgrounds, but sustainable business at their core.
- Natural Products Industry focus
- Configured to take a market approach
(in contrast to trad supply focus)
- 4 areas of systematic activity:
 - Supply chain development 22.5%
 - Product R&D 28.1%
 - Market development 23.6%
 - Institutional development 25.8%



The Southern African Natural Products Trade Association



2 African offices, 1 Europe office, 2 Regional Business Development Managers, Regional photographers

Market Development Office (London):

Focus on 7 species, with a continuous pipeline of new products develop

Research literature on all focal & pipeline species (scientific journals, patents, traditional uses etc.)

Attend trade shows

Produce focused market reports

Develop strategic market opp's

Smart partnerships

Collaborative R&D agreements



Natural Products (NP) Industry

Opportunities in food, functional food, nutraceutical, cosmetic, cosmeceutical, supplements, pharmaceutical sectors

At present global NP industry estimated at US\$60 billion per year

Current Southern African NP trade is US\$12 mill/yr. Regional economists est that within 10 yrs this could be US\$3.5 bill/yr

We are on the crest of a megatrend

Marula Case study



Current trade:

Across 6 countries

3300 primary producers involved (2005 figure)

95% are rural women

Primary producers are main beneficiaries

Total (2005) paid for oil = \$80,000 for international
cosmetic market

In addition \$35,000 (2005) from sale of pulp
on local market

This is a 30% increase in their annual income

Indirect impact felt within local economy

Investment confidence in the region



Marula Case study



ENVIRONMENTAL BENEFITS

- Trade inc'd value of a standing Marula tree by 10 fold
- Direct examples of improved land management strategies
- Promotes multiple resource use, local biodiversity



- Not a monocrop
- No inputs required; naturally resilient species
- All members sign PhytoTrade Africa Environmental Charter

Marula Case study



SOCIAL BENEFITS

- Northern Namibian Marula Festival revitalized
- Fits traditional farming structures
- Women's empowerment
- NP industry demands Fair Trade supply





- US \$3 mill invested in PhytoTrade Africa over the last 5 yrs (+ \$120,000 set up costs)
- All activities systematic and co-ordinated
- Over 10yrs @ 1mill/yr investment into PhytoTrade Africa is it is estimated that the trade in just our sp. will be \$10 mill/yr, and with the multiplier effect on the local economy this would be 15 mill/yr
- However increase that investment by 10 and you have serious results with added social + environmental impacts.

Perspective: The Competition



Private + Public Sector Targeted Investment

OLIVE OIL

Australian Government invested Au\$4.46m 2006-2007 in developing emerging industries, of which Olive is one of 7. Budget focuses on Market + Product Development, Sustainable Production, Processing + Product Quality, Communication, Co-ordination + training.



TDC-Olive: focused on developing Technology Dissemination Centres (TDC's) for the industry, as well as providing a bridge for Research Institutions. Focus is on quality, waste minimisation + utilisation through partnerships with key Institutes + Private Sector players.

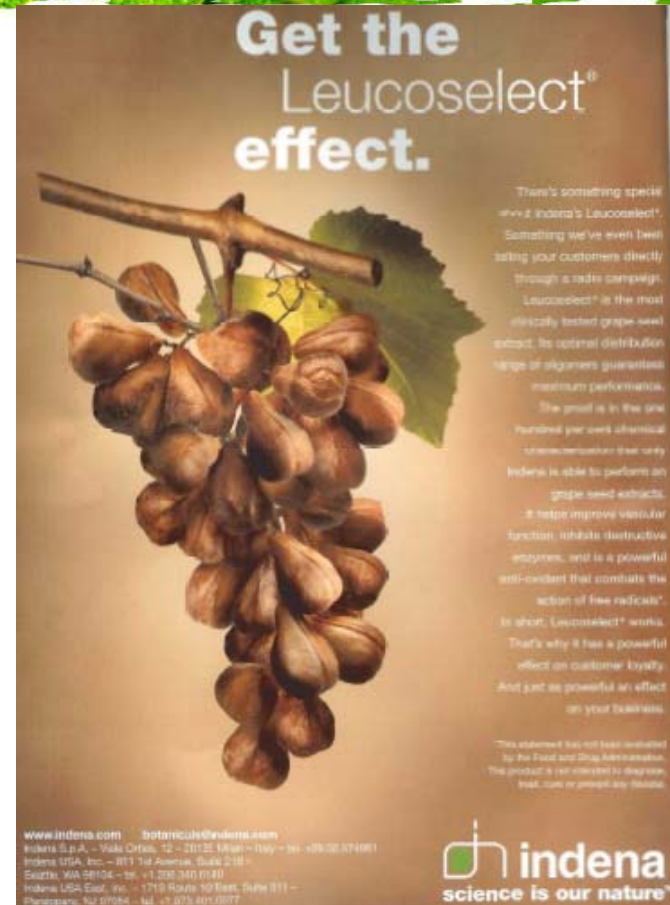
Perspective: The Competition

Private + Public Sector Targeted Investment



**Wine Industry: \$30 million
Research and Extension**

**SOYA: US Soybean Export
Council (USSEC) provides
access to US\$22 million
worth of federal and
soybean checkoff funds for
Market Development Programs**



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Perspective: The Competition

Private + Public Sector Targeted Investment



Once upon a time Coffee was just a beverage

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Stella's Green Coffee Bean Extract is made from the green beans of the Coff Arabica plant. This extract contains at least 50% Chlorogenic Acid, a diet polyphenol. Along with being a great anti-oxidant, there is evidence that Chlorogen Acid may have biological effects in the small intestine that alter patterns of glucose uptake, helping to regulate the metabolism. The Caffeic Acids act as stimulants providing a safe energy boost while being naturally low in caffeine. Boiled coffee drinks contain cafestol which is associated with the negative effects of using coffee a stimulant, this is not present in green coffee beans or the extract.

Stella's Green Coffee Bean Extract has powerful anti-oxidant properties, and can help to stabilize the body's metabolism

These are just snapshots of the scale of investment that has been ploughed into these industries for decades + sometimes centuries.

The Result is a plethora of new products from age old industries e.g. Grape Antioxidants in Cosmetics, Coffee extracts for nutraceuticals, Potato extract in cosmeticsetc.

Conclusions

A seed is not a product an oil is, BUT a marketable product would be an oil whose chemistry, properties & efficacy are known & documented, and produced to consistent quality from a reliable supply chain

As with every other industry a systematic monetary approach is needed over a significant period of time

With systematic investment we can develop a Sustainable + Ethical Natural Products industry accessible by low income producers & appropriate for dryland areas





www.phytotradeafrica.com

**The Southern African Natural
Products Trade Association**