

Natural Futures Trade Component

Report to Regional Trade Facilitation Programme
Fourth Quarter Narrative Report: March – May 2007

31 May 2007

Name of Grantee: World Conservation Union in South Africa (IUCN-SA)

Project: Natural Futures Programme – Trade Component

Country: South Africa

Reporting Period: March 2007 – May 2007

Introduction

The attached documents have been prepared by IUCN-SA in response to the Regional Trade Facilitation Programme (RTFP) reporting requirements. The RTFP provides grant assistance to IUCN-SA towards the implementation of the first phase of the Trade Component: ‘the New Engine for African Trade Growth’ of the Natural Futures Programme. The Natural Futures Programme commenced in June 2006 and is expected to be completed by November 2007. The narrative and financial reports outline the cumulative progress and expenditures on the activities for the fourth quarter period.

In principle the implementation of the Trade Component of the Natural Futures Programme that is being funded by the RTFP commenced in June 2006. Below is a recap of activities done in the first three quarters (Sept 2006 – Feb 2007) :

- Recruitment of a Trade Officer
- Induction and orientation of the Trade Officer to IUCN-SA
- The Natural Futures quarterly team and planning meeting held in Harare, Zimbabwe
- Trade component reviewed, existing and complementary and priority activities identified
- The inception activities and report were prepared and submitted
 - ◆ detailed work plan on the trade component produced
 - ◆ consultations and meetings held within trade network
 - ◆ regional contacts established
- A contactable list of key stakeholders (trade, environment and agriculture contact persons) was developed
- The data gathering process to assess the natural product (NP) sector commenced
 - ◆ baseline data for primary producers
 - ◆ incomes emanating from wild harvesting
 - ◆ volumes of NPs
 - ◆ local sales and exports
- Geographical indications meetings held and attended
- Review of the following was done through a desk study:
 - WTO Trade Policy Reviews (TPR), 2007, to assess the extent at which NPs are covered/known in the trade policy documents for the region; their potential in rural and economic development and the status quo of the region in trade.
 - Inventory of non-tariff barriers in the SADC region (RTFP, 2004/5) to establish a baseline for analyzing NTBs that impact on the NP sector
 - Convention on Biological Diversity (CBD)
 - Regional biodiversity strategies (IUCN and SADC, 2005/6)
- A questionnaire was developed to promote network development and engagement and assess the level of awareness for NPs within the region was designed for dissemination through future network contacts.

- A review of the trade related aspects of CBD and identification of key issues in access and benefit sharing, prior informed consent and intellectual property management.
- Contract and Terms of Reference were prepared for the Trade Expert for two deliverables namely the tariff and non-tariff analysis; and commodity brief preparation were done.

Programme Update: Certification and Enterprise Development

During this period, two primary producer start up grants (PPBSUG) were awarded to natural product enterprises. Two were awarded in this case because of the continued lack of interest shown and applications received for the related Business Opportunity Assessment Grant (BOAG). As such, the team felt that the quantity and quality of applications for the PPBSUGs warranted the allocation of available funds to two different enterprises in this area. The successful applicants were Wildfoods and Tree Crops Limited. The first grant went to Wildfoods in Botswana towards the development of Kalahari Melon Seed and Ximenia commercialisation in Botswana. In Malawi, Tree Crops will be working towards Geographical Information System and soil mapping towards informed environmental management systems, training and village-level baobab processing.

Also during this quarter, the Natural Futures Programme attended the VitaFoods International Trade Fair. VitaFoods International is the largest annual trade fair in Europe of its kind and provides a key networking opportunity for those working in the natural ingredient and particularly nutraceutical markets. The fair offers a key opportunity for groups like PhytoTrade Africa to continue to profile natural products from the region and establish their presence as key players, with valuable products in the industry. It also allows for ongoing monitoring of the industry and relationship building.

Finally, the semi-annual stakeholder meeting for the Natural Futures Programme was held during the fourth quarter. The meeting provided the programme team with a critical opportunity to discuss programme progress, challenges and achievements with key stakeholders and to inform the future plans and direction of the programme. This particular meeting was held over two days in Swaziland with project beneficiaries Swazi Indigenous Products, who shared with participants their own success stories in enterprise and product development, certification and marketing. Thanks to the participation of East African interest groups (facilitated by the Ford Foundation), the meeting also provided potential linkages to similar learning and sharing opportunities in that region. It also provided the basis for the discussion of second phase funding proposals from the Ford Foundation and the ComMark Trust.

Trade Component: Fourth Quarter Implementation Progress

Statistics on the NP sector

During this period, country-by-country supply chain figures and hence, beneficiaries of the Natural Futures Programme were updated (Table 1). The statistics gathered provide an indication of the number

of actors, natural product volumes and value and change over time since last provided (Table 2). Obtained from PhytoTrade membership, these figures are used as proxy indicators of the impact of the programme and other activities towards sector and market development.

Table 2: Statistics for November 2006 - May 2007

Country	No. of NP Harvesters	Income to Harvesters (US\$ ¹)	Volumes (kg) of raw natural products	Sales value (US\$)	Export value (US\$)	Average no. of members supplying focal species	Average no. of countries supplying focal species
Zimbabwe	4,723	38,453	44,865	70,952			
Botswana	6,000	13,802	9,704	41,000			
Malawi	2,539	13,500	65,000	0			
Mozambique	2,459	4,300	23,000	0			
Zambia	2,399	4,000	4,000	6,135			
Namibia	5,126	113,036	107,695	278,090			
Swaziland	2,475	45,642	14,600	56,144			
South Africa	3,629	151,267	220,972	393,068			
Total (May 2007)	29,350	384,087	489,836	845,389	101,433²	5	2.6

Total (Nov 2006)	8,934	301,527	331,539	791,837	63,608	5	2.4
% Change	229	27	47	6	59	-	8%

Source: Phytotrade Africa M& E reports 2006, 2007

The table above shows the trend of the natural product sector for the Phytotrade Africa membership in a period of six months based on eight key natural products namely, baobab, marula, ximenia, trichilia, kigelia, mongongo, parinarri and devil's claw. It notes that the majority of trade in natural products continues to be for domestic markets. Having said that, the data indicates that there was an exponential increase in the number of people involved in harvesting natural products during this period, which was up by 229%. . This can be interpreted to mean the growing interest in this sector for supplementary income to the poorest of the poor in the SADC communities. However the per capita income shows a different story although there is a 27% increase in incomes received by harvesters. An average income of US\$13, which is about ZAR100, seems a small figure but for the target communities that money can help supplement other incomes from the agricultural sector or help them to access other credit and saving

¹ 1 US\$ = ZAR 7.12, June 2007

² The 12% export sales shows that most of the NPs are consumed in respective countries in the region and that informal regional trade maybe happening but with no records.

facilities that may be available in their areas. This income should therefore be considered as an incremental benefit and not as the main source of livelihoods. One possible reason for a declining per capita could be that new people coming may not be receiving same incomes as those that started harvesting earlier. A good example will be that of harvesting for organic and conventional NPs for the case of Swaziland. The former receives a premium calculated by the enterprise based on proportional profits as a result of the organic certificate. It amounts to approximately ZAR 2-3 per producer per kilogram=. Since the figures are for members in countries with different currencies (both very weak and strong), averaging using US\$ could result in that declining effect. The volume, sales and export value of NP raw materials have increased by 47%, 6% and 59% respectively. This shows that the sector is moving towards the right direction.

The average number of members supplying the aforementioned natural products shows that the commercial interest in the sector for the period in question has not changed as the number of suppliers has not increased. This could be indicative of the ongoing development and organization of some of the members towards reaching a certain level of supply (and thus being contributed by Natural Futures work in enterprise development) and/or the further need for market linkages to be developed for these enterprises. Finally, there was an increase of 8% in the average number of countries supplying focal species highlighting a wider membership in Phytotrade Africa, potential expansion of the sector and beneficiaries of the Natural Futures Programme.

Result 1.2 Tariff and Non tariff Analysis

The tariff analysis sought to identify where tariffs are a market access barrier as well as where duty-free market access exists for the focal species of Southern African natural products (NPs). The analysis provides a summary of tariffs under current trade regime for ximenia, trichilia and kigelia products and their by products as they are currently traded. The work will also provide important information for awareness raising regarding taxes on imported foreign goods, or tariffs, for key NP stakeholders, decision makers and trade negotiators.

The process involved doing a product map for ximenia, trichilia and kigelia where products and their derivatives from the three species and uses for the different markets were identified (Annexure A). For the purpose of this report tariffs for kigelia will not be included since its product map could not be finalised during this quarter. The next step was to look at the current and potential market and sub market for these products and their derivatives and indicate the possible tariff lines allowing them to be traded in the SADC market (South Africa), the EU, the US and Japan. After aligning the possible tariff lines, tariffs for these products were identified using the following data sources: SADC (South Africa) – Market Access Map (<http://www.macmap.org/SouthAfrica/>); EU’s Export Helpdesk for Developing Countries (<http://export-help.cec.eu.int/>); United States International Trade Commission (<http://www.usitc.gov/tata/hts/>) and the Economic Cooperation (APEC) Tariff Database for Japan (<http://www.apectariff.org/>).

The analysis revealed the following:

1. The current trade regime in the region under Southern African Customs Union (SACU) and Southern African Development Community (SADC) offers preferential tariffs to all countries in the region.
2. The tariff analysis for the European Union (EU) revealed that under the African Caribbean and Pacific countries arrangement of the Cotonou Agreement, all countries except South Africa have tariff preference for the EU market. This preference is more favourable for the Least Developed countries (LDC) of the region since they can also trade with EU using either the Everything But Arms (EBA) agreement. However South Africa pays residual tariff of about 1.7% in order to trade with EU in most of its natural products.
3. The US market sometimes offer preferential tariffs to the SADC region, when the products are covered under the African Growth and Opportunity Act (AGOA) with the exception of Zimbabwe. But on products like seed oils tariffs of 3.2% are levied because these products are not covered on the AGOA list. The analysis also showed isolated cases of tariff peaks for 21.3 and 35% for jams and jellies. Although there is trade surplus in favour of the SADC region under AGOA, most of the products that are traded duty free do not fall under the NP category. Hence the challenge for the SADC negotiators is to include NPs on the AGOA list of products.
4. The tariff analysis for the Japanese market showed that most of the natural products from the region are subjected to some form of tariff. Also notable were the cases of tariff peaks and escalations were also noted for this market i.e. 6%, 12%, 20%, 35% for by-products like seed oil, body butter and jams and jellies.
5. The non-tariff barrier analysis for the region revealed that they are more before border and border related measures affecting the natural product sector. Some of the border measures include collection of time-consuming and incongruous documentation and custom procedures as well as complicated quality standards, technical regulations (e.g. phytosanitary certificates), packaging and labeling requirements.
6. Beyond border barriers are more common in international markets than the regional market. They include Food Regulations e.g. the EU Novel Food Regulation; Cosmetics Regulations ; Pharmaceutical Regulations; Registration requirements; EU chemical registration and evaluation requirement; internal taxes or charges and freight and transit charges.

Overall the NTB analysis shows that the region has a number of border and beyond border requirements that NP enterprises must comply with that requires a significant level of sophistication and capacity and effectively, present barriers to entry for a number of export markets. It is clear that there is a need for improved harmonization for the region in terms of custom procedures and transportation to facilitate movement of NPs from one country to another. There is also untapped potential for countries to share

resources and procure raw material from other countries within the region for increased value addition and trading opportunities.

While the non-tariff barrier analysis has not been finalized, this work was completed through a review of the SADC NTB Inventory by the RTFP (2005) and direct consultation with the NP supply chain. This analysis did show on the outset that the region has NTB issues related to the natural product sector that need to be addressed but a detailed report with all the findings and conclusions will be provided in the next quarter.

Result 1.3 Commodity briefs

1.3.1 Three draft commodity briefs for ximenia, trichilia and kigelia were developed and their contents are annexed Annexure B. The purpose of these briefs is to raise the profile of natural products among key stakeholders and decision-makers and demonstrate the potential of sector development in raising incomes for the rural poor communities in southern Africa. Two field tests were conducted in Namibia with the Ministry of Trade and some members of the Indigenous Plant Task Team (IPTT) and Phytotrade board members, however the briefs were also shared and discussed with IUCN staff in Switzerland and other programme stakeholders. Other copies of these briefs were sent to the Ministries of Trade for Zimbabwe and Zambia for feedback and discussed with colleagues in BioTrade and IUCN at a global level. Once the feedback is given and necessary changes are made, the briefs will be finalized and published. There is an ongoing component for this activity i.e. the communication and dissemination. A draft concept paper has been developed on how these commodity briefs and other programme information will be communicated to the main target audience and other stakeholders.

1.3.2 Two case studies based on enterprises benefiting from the Natural Futures Programme were conducted in Swaziland and Zambia during this quarter. These case studies were conducted for the marula and mongongo trade respectively and documented specific experiences in certification and enterprise development under the Natural Futures Programme. The case studies detail individual producer experiences in each of these countries and the role of participation in the trade in their lives. From these case studies, it was revealed that rural communities are making a living out of natural products moreso when there is a drought, as agriculture is the mainstay of most communities in the region. The women who were interviewed explained the limited income generating activities outside of natural products and that the income generated from selling these natural products is competitive. Since they started selling natural products kernels, school fees have become more affordable, as have school uniforms, foodstuffs, transportation costs, accessibility to health care and investment to new income generating projects. The case studies indicated that natural products have empowered rural women while creating an opportunity to earn and control their own cash income. This is distinct from other forms of trade, which is available to women but does not provide for some of the items mentioned above and traditional cash income earned and controlled by men from agricultural products. Finally, these case studies also illustrate advances in enterprise and sector development towards improved business capacity and market orientation (enterprise development and certification).

Result 1.5 Biodiversity and trade related issues

In May the Natural Futures Programme attended the meeting “Engaging the Private Sector in the Implementation of Multilateral Environmental Agreements” jointly hosted by the United Nations Conference on Trade and Development (UNCTAD) and the International Finance Cooperation. The meeting was attended by a number of entities involved in the natural products sector internationally as well as representatives from each of the key MEA secretariats. The meeting set the foundation for ongoing dialogue between the Natural Futures Programme and these groups, including the discussions on trade related aspects of MEAs and potential involvement in the upcoming Conference of the Parties for the Convention on Biological Diversity next year in Germany.

The paper on this topic is still being developed and will make use of resources identified during the May meeting. Further development of the biodiversity and trade paper awaits input from IUCN members of the Southern African Development Community Biodiversity Support Programme and will be completed in the fifth quarter.

Result 1.6 Intellectual Property Management

The process of collating information on intellectual property legislation and institutional framework in the region has commenced. Contacts have been made with the African Regional Intellectual Property Office (ARIPO) and country intellectual property offices. Further information regarding the existing IP legal frameworks and institutional arrangements in each country of the region is being collected and this paper will be done in-house with a bit of technical back up from external resources.

Result 1. 8 Geographical Indications (GI)

The Natural Futures Programme Trade Officer also participated in the GI meeting organized by the DURAS Project (University of Pretoria and Western Cape Dept of Agriculture) during this period. The purpose of the meeting was to present different case studies for the project’s target products to assess the applicability of GI for those products and share experiences of countries like India and Brazil. The case studies included Kalahari Melon Seed, Karool lamb, Karakul Lamb, Mohair, Rooibos Tea and Honeybush. The findings revealed that some products had better chances of being GI registered than others. Although GI seemed to be an appropriate intellectual property compared to trade marks or patents for natural products there are certain conditions that have to be met before GI can be protected or registered e.g. legal framework, institutional support and awareness raising. It was also argued that the current international legislation (WTO TRIPs Agreement) does not adequately address GI issues in developing countries since its main focus is on wines. It also came out during this meeting that few countries like the EU grouping, India and Brazil now have GI legislation where applications for registration can be submitted.

Following this meeting a discussion was held between IUCN and a representative from the DURAS project on the direction of the Natural Futures Programme in GIs, areas of potential overlap and complementarity. In this meeting, key areas of shared interest were discussed and provided the basis for the development of an outline for a GI paper that looks specifically at the uniqueness of the natural products sector and the applicability of this vehicle in the southern African context through the Natural Futures Programme.

Result 1.9 Trade related information

Subscription to newsletters that publish information on trade related issues in the food, cosmetics and pharmaceuticals sub categories were made. The intention of doing so was to ensure ongoing monitoring of developments in trade in areas of interest and potential opportunity for the natural products sector and to explore avenues of disseminating some of the programme information. Specifically Trade Law Centre for Southern Africa (TRALAC) has indicated its willingness to communicate the commodity briefs. Other possible channels are the Bridges Weekly Trade News Digest, Public Ledger, Food Quality News or Nutraingredients-USA.com.

Result 1.4 Marketing plans and strategy

The terms of reference for the marketing work have been completed and the expert is expected to commence work in the next quarter. Please refer to Annexure C.

Result 1.7 Traceability manual prepared

A framework for a traceability manual has been prepared by partners PhytoTrade Africa that draws on experiences and identified needs in terms of traceability. The process of pulling together the information to come up with a manual for use by natural product enterprises has commenced.

Outstanding and Incomplete activities from the fourth quarter

Result 1.1 NP Sector Assessment

Country reports on detailed sector and supply information were not completed and thus country specific opportunities have not been clearly identified. Detailed information has been collected for Swaziland and in Zambia where fieldwork was conducted in association with the compilation of case studies for these countries. No other fieldwork could be completed due to time limitations. This work will continue in the coming periods alongside other activities including monitoring and evaluation work being completed by partners.

Result 1.4 Markets

The marketing expert of PhytoTrade Africa we intended to engage was busy with a series of activities relating to marketing and planning for the Natural Futures and PhytoTrade Programmes. More specifically, she lost a lot of time in participating and planning for 3 international trade fairs and the PhytoTrade Africa Annual General Meeting. To this effect the marketing activity has been rescheduled for the fifth quarter, as it has emerged from the consultations that it is an area requiring immediate attention.

Result 1.7 Traceability

The traceability manual will be completed in the upcoming quarter.

Constraints or challenges encountered during this quarter

- The time allocated for tariff and non-tariff analysis was not adequate hence other activities scheduled for the same timeline could not be implemented. The process involved internet searches on various tariff database websites, contact and follow-up with trade representatives, which took a lot of time. Similarly, the validation or verification process took more than the anticipated time. On commodity briefs, the field-testing proved to be difficult, as key people could not avail themselves for feedback.
- In addition, as much of the project outputs require third party support the Trade Officer, much of the work is subject to the timelines of others (including Trade and other experts). Timelines for work are being reflected in new contracts for third party in so far as possible for the fifth quarter to address this issue.

Financial Report (see Annexure D)

Spending during this quarter generally reflects trade expert cost, regional travel, salary and backdated benefits to Trade Officer to conform to IUCN's global expatriate policy. Payments expected to designers and printers for the publications as well as the Trade Expert were delayed due to delays in quotes and production initiation, suggested changes to report and time for invoice processing of expert expenses.

Workplan: Fifth Quarter³

Activities planned for the next quarter (Q5): results 1.1, 1.3, 1.4, 1.6, 1.7 and 1.8

A detailed work plan for the fifth quarter has been annexed to the report. It takes cognizance of activities that have partially been implemented and those that commence in the fifth quarter.

The total budget for the fifth quarter is estimated at approximately **ZAR 311, 820**, inclusive of fees for the Trade Officer, Trade and Marketing Experts and publications costs.

Table 1. Workplan activities budget .

Activity	Cost breakdown in ZAR	TOTAL
NP sector needs assessment	Travel 8,300 Monitoring and Evaluation Expert – 12,000 Trade Officer – 11,680	31,980
Commodity briefs	Printing – 45,000 Trade Officer – 11,680	56,680
Market plans and strategy	Marketing Expert – 80,000 Trade Officer – 18,980	98,980
Intellectual property	Trade Expert – 7,000 Trade Officer – 7,300	14,300
Traceability	SME Expert - 8000 Trade Officer-7,300	15,300
Geographical indications: consultancy for 8days and travel, staff time and production	Trade Expert (incl. travel) – 61,000 Trade Officer 7,300	68,300
General programme activities and annual leave	Trade Officer 11,680 Annual Leave (11 days Trade Officer)- 14,600	26,280
Total		311,820

Work plan and Activity Details

Result 1:- NP sector needs assessed

Task Activity Inputs: Programme Manager (PM), Trade Officer (TO) and Phytotrade Africa (Phyto)

Outputs:- NP sector knowledge generated and documented,
Situation analysis report

MOV:- Baseline data summary for the region , Report on supply information and potential opportunities, country reports on NP opportunity and Questionnaire

Budget:- TO field work⁴, Monitoring and Evaluation Input: ZAR 31,980

Activities:- Data gathering and review of agreements/policies

In order to know the obtaining situation and to establish base line data for monitoring and evaluation purpose, the trade component will carryout a situation analysis in the NP sector. This will look at the supply chain in terms of the number of people involved in harvesting and production processes of the NPs; volume and value of the finished products; species specs and distribution in the region; export levels being enjoyed; current and potential market of the NPs, and help to determine the extent of trade barriers that are currently being faced and establish what other interventions have been made and how they have performed. This will be complemented by another assessment to establish the level of awareness of the NP sector amongst decision makers and negotiators at national and international levels.

Once this information has been gathered, a report on the obtaining situation of the sector will be prepared, highlighting the potential scale of the NP sector within the region, NP supply and demand information and areas of intervention and focus.

It should be noted that gathering of information for statistics of harvesters and exports will continue in the fifth and sixth quarters, whilst the country reports outlining NP trade opportunities will commence in the fifth quarter. The report on NP sector assessment is on going as the sector assessment continues through implementation of other activities. The supply information and country reports on NP potential opportunities will be planned during field work this quarter through input from PhytoTrade Monitoring and Evaluation Team and a review of existing and outstanding needs. Field work will continue into next quarter.

⁴ includes travel and per diem

Result 3:- Commodity briefing documents prepared and presented to decision makers, development planners and trade negotiators

Task Activity Inputs: PM, TO and Trade Expert (TE),

Budget:- TO and PM input, Printing and design, presentation: ZAR 56,680

Outputs:- Decision-maker knowledge generated, NP commodities considered in trade activities,

MOV:- Facts sheets, Commodity briefs, road shows and country presentations.

Activities:- Prepare and present commodity briefs for marula, baobab, kigelia, trichelia and ximenia

This will involve defining the NPs and their derivatives, raising awareness on the uses and benefits of these commodities. This component will also indicate where these NPs are found and volumes of the raw products either as seeds, pulp or kernels. Information of production volumes and its trend will be provided to guide the market on how much their demand can be met. The value of these commodities will be given based on the current sales and export figures. The briefs will also entail market access (tariff and non-tariff barriers), environment and development information and generic policy issues and where possible case studies.

A consultative process of the NP sector supply chain and other key stakeholders like trade and negotiators and decision makers will feed into this component. This process will culminate into the production of commodity briefs that will be presented on country requests or through road shows, among other as proposed in the communication strategy.

Initial dissemination work of commodity briefs will commence in the fifth quarter. An outline of a communication strategy was prepared refer to Annexure A. What is outstanding under this component is the publication and dissemination of the commodity briefs. Contacts with a marketing company have been initiated and we are finalising on the quotations and layout. Feedback from the Ministries of Trade in Zambia and Zimbabwe has not yet been concluded while a pending meeting has been set up for Zimbabwe. Two other case studies are almost complete for inclusion in the commodity briefs, one of which has already been circulated within IUCN secretariat offices internationally.

Result 4:- Market plans and strategy developed

Task Activity Inputs: PM, TO and Phyto

Budget:- TO research and collation, Marketing expertise: ZAR98,980

Output:- Existing and potential market opportunities identified and documented

MOV:- Market assessment report and surveys, an NP marketing strategy and 3 marketing plans for baobab pulp, mafura butter and mongongo oil.

Activities:- Develop market plans and a marketing strategy

This will involve a market survey for the existing EU and South African markets with a possibility to expand within these economic groupings. This is aimed to establish the current and potential market size, characteristics, segments, consumer trends and demand, domestic, regional and international market, high value market requirements. Success stories for other NPs and existing market challenges will be explored and shared. This will lead into the identification of key opportunities for the target NPs and new potential markets in EU and the SADC region.

Consultations with producers and suppliers, consumers and retail outlets will be conducted to build on their current marketing strategies and inform them of other marketing plans. An attempt to link up with current marketing institutions in the region and abroad will be made to collaborate their efforts. This component will try to learn from other regions' experience on NP sector e.g. Asia and other parts of Africa hence research on NP success stories will be conducted. This will help to reinforce the regional efforts and not to reinvent the wheel.

Three marketing plans will be developed and a cohesive marketing strategy for any potential new market will be drafted.

Result 6:- Economic intellectual property management and patenting developed

Task Activity Inputs: PM, TO and TE

Budget:- TO research and writing, TE fees and travel: ZAR14,300

Outputs:- Knowledge and discussion generated regarding intellectual property issues
Patenting approach identified for NP sector

MOV:- Review report and Patenting strategy proposal

Activities:- Conduct research on intellectual property management and patenting for NPs

The TRIPS Agreement will be the basis of this exercise. In addition intellectual property policies, legislation and practices at regional and national levels will be reviewed analysed to determine the economics of intellectual property management. Concurrently the component will endeavour to carryout a research on patent environment that is applicable to key NPs and try to identify key emerging issues of intellectual property management and patenting. The activity is aimed to produce a discussion paper to advocate and lobby for appropriate intellectual property for natural

products from the Southern African region comparing different IP schemes and recommending the best options for the region given the current trade regime.

Result 7:- Traceability management manual developed

Task Activity Inputs: PM, TO and Phyto

Budget:- TO research and writing, SME expert writing: ZAR13,000.00;

Output:- Traceability manual

MOV:- SWOT analysis, Guidelines on traceability management and seminar

Activities:- Prepare traceability guidelines for the NP sector

This will involve a review of traceability management practices in the NP sector to identify best practices and assess how lessons learnt can be used to promote market access for NPs. Consultations with the supply chain will be done to identify challenges and assist in preparing specific and generic guidelines for emerging NPs.

Field testing of the guidelines will occur early in fifth quarter.

Result 8:- Geographical indications assessed

Task Activity Inputs: PM, TO and TE

Budget:- Printing and publication: ZAR74,000.00; 5,9000 pounds

Output:- GI opportunities and challenges availed

MOV:- Case Study, Discussion Paper, Meetings, feasibility study and questionnaire

Activities:- Identify GI opportunities for the NP sector in SADC

This activity is to finalise the discussion paper on GI to assess whether GI is the best IP option for market access of natural product from the region. If so, develop guidelines on how the region can move towards GI protection. If not, highlight areas of concern that need attention for the future development of GIs. Consultations and literature review were already conducted followed by the production of a discussion paper on the implications of GIs for the NP sector in the SADC region.

N.b. Printing and presentation of documents will occur in fifth and six quarters to relevant stakeholders

Table 2: Work Plan Matrix

Activity Summary	Outputs	Means of Verification	Budget (ZAR)/ resources (Programme Manager – PM, Trade Officer – TO, Trade Expert – TE and Phytotrade Africa – Phyto)
<p>1.1 NP sector needs assessed⁵:-</p> <p>1.1.1 Gather and provide data on number of households employed in NP harvesting/gathering and statistics on export of NPs in the region:- liaise with stakeholders (Phytotrade, producers, suppliers, trade and environment institutions) in the sector to get information on the numbers of people involved in harvesting, processing and production of NPs in 2006. – provide this information to RTFP as per the requirement ;</p> <p>1.1.4 Outline existing supply information and assess the potential scale of NP industry in the region</p> <p><i>1.1.6 Produce country reports outlining trade opportunity and supply management information for NPs</i></p> <p><i>Nb:</i> Activities 1.1.1 is ongoing and 1.1.6 will finalised in the sixth quarters</p>	<p>NP sector knowledge generated and documented or Situation analysis report</p>	<p>Baseline data summary for the region</p> <p>Report on supply information</p> <p>Meeting reports Country reports on NP opportunity</p>	<p>ZAR31,980 PM, TO - 1.5 weeks Phyto⁶ – 3 days ----- Sub total – 2 weeks -----</p>
<p>1.2 Commodity briefing documents prepared and presented to decision makers, development planners and trade negotiators:-</p> <p>1.2.1 Get feedback from relevant Ministries and input into trade briefs</p> <p>1.2.2 Conduct an initial dissemination to test willing of countries to deliberate on issues raised on the commodity briefs</p> <p>1.2.3 Based on the results of above, prepare a regional intervention for dissemination and use newsletters or trade</p>	<p>Commodity briefs prepared for 5 NPs</p>	<p>Facts sheets</p> <p>Reports on consultations</p> <p>Presentation of</p>	<p>ZAR56,680 PM TO – 1.5 weeks ----- Sub total – 1.5 weeks -----</p>

⁵ The activities below are those still outstanding, others were completed

⁶ This task will involve collaboration with PhytoTrade Monitoring and Evaluation staff

Activity Summary	Outputs	Means of Verification	Budget (ZAR)/ resources (Programme Manager – PM, Trade Officer – TO, Trade Expert – TE and Phytotrade Africa – Phyto)
<p>journals to communicate trade briefs</p> <p>1.2.4 Identify relevant international grouping for</p> <p>Nb: Activity 1.2.3 is ongoing</p>		<p>commodity briefs</p> <p>Road shows</p>	
<p>1.4 <u>Market plans and strategy developed:-</u></p> <p>1.4.1 Research on potential markets in EU and South Africa:- establish the size, scale, players and consumers for three products (market surveys)</p> <p>1.4.2 Give an overview of existing international, regional and national demand</p> <p>1.4.3 Identify key opportunities and potential strategic interventions</p> <p>1.4.4 Draft three market plans and a strategy</p> <p>1.4.5 Meet with beneficiaries groups to discuss marketing strategy and potential marketing partners</p> <p>1.4.6 Identify and research on NP success stories in other regions</p> <p><i>Nb: Activities 1.4.3 will be carried over beyond the fifth quarter</i></p>	<p>Existing and potential market opportunities identified and documented</p>	<p>Market assessment report and surveys for EU and SADC</p> <p>Records of meetings with beneficiaries</p> <p>A marketing strategy and three specific plans</p> <p>Case studies on 3 NP products</p>	<p>ZAR98,980</p> <p>PM</p> <p>TO – 2.5 weeks</p> <p>Phyto⁷ – 4 weeks</p> <p>-----</p> <p>Sub total – 6.5 weeks</p> <p>-----</p>
<p>1.6 <u>Economic intellectual property management and patenting developed:-</u></p> <p>1.6.1 Review existing intellectual property management programme and legislation/policies:-</p>	<p>Knowledge and discussion generated regarding intellectual property issues</p> <p>Patenting approach identified for NP sector</p>	<p>Review report</p>	<p>ZAR14,300</p> <p>PM</p> <p>TO – 1 week</p> <p>TE – 1 day</p> <p>-----</p>

⁷ PhytoTrade Marketing Expert will be engaged on this activity

Activity Summary	Outputs	Means of Verification	Budget (ZAR)/ resources (Programme Manager – PM, Trade Officer – TO, Trade Expert – TE and Phytotrade Africa – Phyto)
<p>1.6.2 Analyse the economics of various intellectual property management</p> <p>1.6.3 Research on patent environment for key NPs</p> <p>1.6.5 Identify key emerging issues related to intellectual property management and patenting</p> <p><i>Nb; Activities will be carried over into fifth quarter due to availability of expert</i></p>		Patenting strategy proposal	Sub total – 6 days -----
<p>1.7 <u>Traceability management manual developed:-</u></p> <p>1.7.1 Review traceability management issues related to certification systems</p> <p>1.7.2 Consult with the supply chain on traceability management and applicability to NPs</p> <p>1.7.3 Identify best practices of traceability management</p> <p>1.7.4 Identify challenges and prepare traceability guidelines for a manual</p>	Traceability manual	Guidelines on traceability management Workshop	ZAR15,300 PM TO – 1 week Phyto ⁸ – 3 days ----- Sub total = 1.5 weeks -----
<p>1.8 <u>Geographical indications for NPs assessed:-</u></p> <p>1.8.3 Finalise the GI discussion paper on its effectiveness as a market access tool for the NP sector</p>	GI opportunities and challenges availed	Assessment of GI potential for three NPs Meetings Survey and questionnaire Discussion paper	ZAR68,300, PM TO – 1 week TE – 8 days ----- Sub total – 2.5 weeks -----
Input to IUCN programme tracking,	Trade programme continued into	IUCN Intercessional	TO – 3 days

⁸ PhytoTrade Small and Medium Enterprise Expert will assist with this work

Activity Summary	Outputs	Means of Verification	Budget (ZAR)/ resources (Programme Manager – PM, Trade Officer – TO, Trade Expert – TE and Phytotrade Africa – Phyto)
strategic programming and operations	2009-2012	Programme Progress Reports	----- Sub total – 3 days -----
General and document revisions		Revised documents Meeting requests Meeting notes Proposal Comments	TO – 1 week ----- Sub total – 1 week -----
Totals			TO – 10 weeks (50 days) Phyto – 26 days) + TE – (9 days) TOTAL ~17 person weeks

Annexure A: Awareness and Communication for the Trade Component of Natural Futures Programme

Problem statement

The trade component of the Natural Futures Programme has (and will) generate(d) a lot of information on the natural product sector, which includes ‘Natural Products: The New Engine for African Trade Growth’, Tariff and non-tariff barriers for natural products for the SADC, EU, US and Japanese markets, Commodity briefs and Case Studies for five natural products namely marula, baobab, ximenia, trichilia and kigelia. This information needs proper communication channels so as to reach out and more specifically communicated to the trade negotiators based in Geneva or elsewhere and decision makers in key ministries and departments in the SADC region. Thus the challenge is to raise the profile for Southern African products in a way that will stimulate NP demand and effectively communicate the findings and analysis of the NP sector to the target audience.

Proposed intervention

The programme’s proposed areas of intervention include participation at international and regional trade shows; subscriptions of international journals or newsletters; road shows; country presentations to trade ministries and regional trade grouping and media launch. Specific examples of interventions that can be used to communicate the commodity briefs and the Natural Futures Programme in general include:

1. Initial test of presentation for at least three Trade Ministries will be conducted to assess their level of interest, any possible information gaps and possible ways of influencing them and create a rapport with them.
2. Presentations on key supply chain on tariffs and non-tariff barriers, marketing and IP issues will be conducted.
3. WTO Africa Group – this is a grouping that brings together the African negotiators based in Geneva to a negotiating table on various trade issues that affect them. The Regional Trade Facilitation Programme said that they could assist us to present the commodity briefs through this grouping.
4. In-cosmetics trade show- this brings together leading international business platform for suppliers and manufacturers of raw materials and ingredients for cosmetics, toiletries and personal care. Due to existing trade regime between the region and the EU, it is recommended that this forum be utilised to showcase our natural products and communicate the commodity briefs.
5. Natural Products Expo Europe – is Europe's leading nutrition and health trade fair and conference and part of New Hope Natural Media's global series of natural products Expo

trade fairs held annually in Anaheim, Washington DC and Hong Kong. It is an important expo that can be used to market natural products from Southern Africa since it involves the region's major markets through commodity briefs.

6. Vitafoods International - brings together around 300 leading suppliers in Europe to the nutraceutical, cosmeceutical and functional food ingredients industry. As our products fall into the nutraceutical and functional sub categories, it is a relevant forum to communicate our trade briefs.
7. Natural & Organic Products Expo - this is its second year of running in South Africa. It showcases natural and organic companies, their products and services. As our products are natural and to a greater extent organic, this is a relevant forum to communicate our trade briefs through.
8. Trade Fairs in the region – the programme intends to communicate commodity briefs at these events.
9. Journals, Newsletters or public ledger – we are subscribers of reputable newsletters e.g. TRALAC Newsletter, Southern and Eastern African Trade Information and Negotiations Institute (SEATINI), Bridges Weekly Trade News Digest, Food Quality News, EU Trade News, Food And Drink Europe, Food Navigator, Nutra Ingredients and Public Ledger. These newsletters have a wide readership and capitalise on that we can post our commodity briefs on these newsletters and be assured that they will go beyond regional boundaries.
10. Road show campaigns in the region – these can be used in complementary with the above targeting national events that have a bearing on sustainable development and poverty reduction. The idea is to communicate the trade briefs for natural products to decision makers and trade negotiators. This is to be done in few selected countries.
11. Regional workshop depending on the outcome of initial country presentations. Information on the availability of commodity briefs will be circulated and can be presented to interested government departments or ministries on request.
12. Use of selected media like print and electronic media shall be initiated to launch the trade briefs. Specifically use of in-flight magazines for the South African Air, Air Zimbabwe and Namibia could be initiated. Extracts of the commodity briefs can be published in newspapers and magazines. Radio and TV documentary programmes can be aired on National Geographic or Discovery Channels.

13. Updating of IUCN South Africa website. All key documents on the Natural Futures Programme will be posted on the website for easy accessibility.

The communication strategy will be evaluated after six to 12 months of running to assess its impacts. This will be done through assessing feed back and sending out evaluation forms to the different readership.

The Programme has already participated in 3, 4, 5 and 8.

Products and audience

Some of the products that will be communicated include the commodity briefs, information brochures, discussion papers and reports. The audience include trade negotiators, decision makers, NP sector and others involved in either trade, conservation work in natural products and poverty and livelihoods.