

PROJECT DESCRIPTION**Organic Producers and Processors Association of Zambia Market Study Project****Zambia****I. Introduction**

This appendix describes the activities to be undertaken and the results to be achieved with the funds obligated under this Agreement. Nothing in this Appendix A shall be construed as amending any of the definitions, conditions, or terms of the Agreement.

II. Background

Approximately one hundred individuals and organizations, who together include approximately 46,000 small-scale organic farmers and beekeepers across Zambia, comprise the Organic Producers and Processors Association of Zambia ("OPPAZ," "the Association"). Members of OPPAZ produce organic agricultural products. Local markets for their products are limited, and the regional and international markets are poorly understood. OPPAZ is interested in supporting its members by identifying national, regional, and international markets for organic products.

III. Funding**A. ADF Contribution**

The financial plan for ADF's contribution is set forth in Appendix A-1 to this Agreement. The parties may make changes to the financial plan without formal amendment, if such changes are made in accordance with Article 8 of the Agreement and do not cause ADF's contribution to exceed the obligated amount in Article 4, Section 4.1 of the Agreement.

B. Grantee Contribution

OPPAZ will contribute its assets, including office equipment and furniture, for the use of the market study team.

IV. Goal

The goal of this Project is to promote domestic and export sales of organic agricultural products in Zambia.

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Page 1 of 5

Cooperative Agreement No. 2133-ZAM

V. Purpose

The purpose of this Project is to increase members' access to information on international, regional, and local organic agricultural markets as demonstrated by all groups obtaining a copy of OPPAZ's comprehensive marketing study report that can be used by the members to secure marketing contracts.

VI. Outputs

The establishment of a marketing strategy for OPPAZ's membership's products, as evidenced by OPPAZ creating:

- A. an assessment of approaches for market access by producers, ways for producers to propose value to potential consumers, and actions for producers to make their products unique from their competitors' products;
- B. an implementation document including pricing strategy, distribution channels, and an approach to direct sales, promotion, and branding;
- C. an in-depth analysis of the resource requirements for producers to penetrate the market, including specific recommendations such as means to market (including direct sales personnel requirements, processing infrastructure, transportation, and storage), increased capacity (in business management, production technologies, governance, and exposure visits), and increased technical assistance; and
- D. a recommendation for business partnerships for the production, processing, and marketing of organic products, intercrops, and integrated production systems.

VII. Activities**A. Project Activities****1. Management and Coordination**

The OPPAZ organic market study team will:

- a) determine a study team coordinator;
- b) establish a review committee to approve terms of reference, to determine methodology, and to review study reports;
- c) prepare an inception plan complete with suggested tools for data collection and logistical needs;
- d) identify potential respondents among producers, buyers, sellers, consumers, business support organisations, and relevant government departments; and
- e) facilitate a study tour of selected markets in South Africa.

2. Data Collection

The OPPAZ organic market study team will collect data through: (i) literature review; (ii) local organic market assessment; and (iii) regional organic market assessment. Specific activities are characterized by three phases as follows.

a) Phase 1, Office Work 1

During this phase the market study team will conduct the literature review for collection of secondary data. In addition, the study team will make all preparations and logistics for the research trip to South Africa.

b) Phase 2, Field Work

- i. Individual interviews will be conducted with local and regional buyers and sellers of organic products in Zambia (at least two and up to five buyers) and South Africa (at least ten and up to twenty buyers).
- ii. A regional organic market survey will be executed through a tour by the study coordinator and OPPAZ CEO to South Africa. The tour will identify potential buyers of organic products and establish linkages with local producers.

c) Phase 3, Office Work 2

During Phase 3, the market study team will focus on data analysis and report writing. Specifically, the market study team will:

- i. analyze the literature review and market assessment findings; and
- ii. prepare drafts and final reports of the study.

3. Workshop

At the conclusion of the Project, the market study team will conduct a workshop in which the final report and findings are presented to OPPAZ member organizations. Attending member organizations will meet with their respective boards of directors and/or management teams to review and make decisions based on the findings of the market study.

B. Project Scope

1. OPPAZ increases its understanding of markets for the organic produce produced by its membership, focused specifically on rice, groundnuts, honey, and pineapples, as evidenced by OPPAZ developing a market research study that includes:
 - a) an assessment of the Zambian and regional organic markets scope, size, and growth for the specified products with an emphasis on the regional market;
 - b) a brief survey of specialized organic markets in Europe, Japan, and America that buy products from smallholders;
 - c) an analysis of the factors driving growth of national, regional, and international organic markets;
 - d) a summary of the recent industry trends including the use of new materials, production techniques, organic market standards, and entries or exits from the markets;
 - e) an analysis of the pricing in organic markets, specifically how the premiums are paid over the equivalent conventional products as well as how prices have changed historically and what has influenced these price changes;
 - f) a summary of the special characteristics of organic markets such as seasonality, product concentration, number of customers, and number of raw material suppliers, for the markets;
 - g) a summary and assessment of the laws or regulations that apply to the organic industry especially in the southern Africa region, including specific import policies and requirements for South Africa and other significant regional markets as well as government policies that specifically affect the organic industry;
 - h) an assessment of the primary distribution channels for organic products and services for organic producers, specifically the extent to which brokers or distributors control the market, and how much value they capture; and
 - i) an analysis of the costs and benefits associated with delivery of organic products to markets, particularly regional markets.
2. OPPAZ identifies customers for the produce produced by its membership, as evidenced by OPPAZ identifying:
 - a) the principal companies in the national, regional, and international markets that are buying organic products with an emphasis on the regional markets, and OPPAZ obtains the companies' contact information;
 - b) minimum quality specifications and appropriate infrastructure to support tailor-made value addition, packaging, and distribution channels with an emphasis on the South African market;



- c) estimated current and future demand from the listed companies;
 - d) projected future supply of organic products;
 - e) integrated value chains for organic products that enhance profitability, particularly relating to the form of delivery (ex. whether pineapples should be shipped fresh, dried or canned, whether rice should be shipped in small packages or in bulk, etc.); and
 - f) strategic business partnerships for the production, processing, and marketing of products in the value chains of organic produce, organic intercrops, and their integrated production systems.
3. OPPAZ defines competition for the organic rice, pineapples, honey, and groundnuts produced by OPPAZ'S membership, as evidenced by OPPAZ:
- a) determining primary regional competitors for its membership, including the relative strengths and weaknesses of the competitors; and
 - b) conducting a comparative analysis with conventional products.
4. OPPAZ disseminates the above information to its members in a practical format enabling them to apply it to their marketing and sales efforts as evidenced by:
- a) a workshop is conducted in which OPPAZ presents its findings; and
 - b) members of OPPAZ meet with their respective boards of directors and/or management teams to determine how to implement findings from OPPAZ's study.

VIII. Roles and Responsibilities of the Parties

OPPAZ is responsible for the management and the proper implementation of the Project. Zambia Agribusiness Technical Assistance Centre, ADF's partner in Zambia, will advise OPPAZ in the areas of standard ADF bookkeeping, monitoring and assessment, as necessary. ZATAC will also provide technical assistance and management assistance during implementation, as necessary.

IX. Monitoring and Evaluation

ADF's Partner in Zambia will closely monitor the activities of OPPAZ to ensure proper reporting, adherence to the Project implementation plan by the Association and movement towards the achievement of Project objectives. The Partner will continuously assess risks and take remedial actions as needed. Monitoring by the Partner will be an important aspect of the on-going performance assessment.

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Page 5 of 5

Cooperative Agreement No. 2133-ZAM