

Value Chain Analysis for Processed Fruits from Burkina Faso, Mali and Ivory Coast

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Executive summary

Background and scope

This value chain analysis was commissioned by CBI (Centre for the Promotion of Imports from developing countries) in order to identify the most promising product market combinations for processed fruit from Burkina Faso, Côte d'Ivoire and Mali.

Export market competitiveness

While tropical dried fruits and tropical frozen fruits are still relatively small compared to the total processed fruit market size, we see that tropical fruits are gaining market share from native European fruits. Preserved fruits (mainly canned pineapple), fruit juices, concentrates (for juices) and coconut oil are larger markets, but they are stable or in some cases declining. Purées for the baby food segment and coconut derivatives other than coconut oil are interesting growth segments when the high quality and food safety standards required are achieved.

For all processed fruits market segments, the same countries appear as trade hubs for the European market: The United Kingdom, The Netherlands, Germany, France, Belgium and Italy.

Market trends provide opportunities and threats for the development of a processed fruits segment. Consumer demands for healthy and sustainable products are increasing. The shift in consumer dietary patterns and the growing vegan population is expected to drive the growth of the processed fruit market. Traceability of the supply chain for food safety and ethical compliance is becoming more and more of a mandatory requirement for buyers, especially those in the more niche markets, and is likely to be followed in the future by import regulations. Climate change is a concern and, among other things, this changes the requirements for packaging with a tendency towards more plant-based consumption. The European economy is slowing down, which could mean a slowdown in demand for the more niche, exotic products.

Comparative position in relation to other mango origins globally is ranked in four categories of indicators: macro-economy, business environment, sustainability and CSR, and mango sector. Burkina Faso, Côte d'Ivoire and Mali are at the middle to lower end of the comparative analysis. Within the region, Ghana is the main competitor and is making positive strides.

Value chain analysis for Côte d'Ivoire

There does not seem to be a reason why Côte d'Ivoire should not have a flourishing fruit processing industry. This is especially true for mango since there is high oversupply and post-harvest losses, stricter EU phytosanitary rules for fresh products and plenty of investment capital in the country. It is also true for coconut as there is potential and a clear growth in market demand for coconut products.

However, there is currently very little fruit processing going on in Côte d'Ivoire, mainly due to the strong focus on the more profitable cocoa, coffee and cashew commodities. From the analysis, and validated in the workshop in Abidjan, it became clear that the problems and solutions with regards to processing exist across all of the value chains. A processor often processes more than one fruit; therefore, it makes sense to look at the tropical fruit processing industry as a whole, instead of just focusing on one value chain. It is therefore recommended that interventions in Côte d'Ivoire do not focus on one value chain, but instead support the enabling environment of the processing industry. This means improving their organisation and lobbying capacity, as well

as access to finance and information.

If a choice is to be made on the value chain with the most potential for a successful export promotion intervention, our analysis shows that a focus on the mango sector would add the most value. Though still very small, it is the most organised sector, and it is the right timing when also combined with Mali and Burkina Faso. Important challenges to resolve in the processed mango value chain include diversification of the products, development of favourable fiscal and tariff mechanisms, and access to finance, packaging and marketing.

Coconut and pineapple have been explored in Côte d'Ivoire. Though they provide opportunities, the sectors also deal with significant challenges, heightening the risk factor for intervention when it comes to promoting exports to Europe. Coconut, with its range of possible value-adding products, has a promising market in Europe. However, challenges need to be overcome, both in the enabling environment, processing capacity, innovation, as well as in its raw material supply. Initial interventions in coconut would need to focus on organising the sector and supporting its stakeholders in obtaining the necessary information to build a strategy upon. A possibility would be to look at joining forces with the other West-African coconut producers in order to create sufficient supply, as the taste of coconut products is often related to a specific geographical region.

Pineapple has a long history in Côte d'Ivoire and is also well-known in its processed form. It is a crop that is essentially disease-free, can be harvested throughout the year, has a growing cycle of a year and is said to be profitable for all supply chain actors involved. On the other hand, in Côte d'Ivoire, it is a sector that has known multiple crises, and many of the pineapple areas were converted to palm oil, rubber and cocoa plantations. Farmers have become discouraged. This has led to a significant supply gap, adding to the already high costs of production. This makes Côte d'Ivoire unable to adequately compete on the international markets with countries like Costa Rica. The processed pineapple products therefore mainly go towards the domestic and the regional markets, which also shows most potential for successful growth.

Value chain analysis for Burkina Faso & Mali

The dried mango sector in Burkina Faso has been supported by government and civil society for over two decades, and it currently has a 25% share in the European market. The value chain and enabling environment are reasonably well-organised. The mango sector in Burkina Faso now needs to become independent from development support by establishing direct connections to the market, professionalising processing by implementing international standards for food safety and sustainability certification, and mitigating the challenges of mango seasonality by diversification. Burkina Faso is well-positioned to capture the growth of the market and possibly increase market share by improving its competitive position compared to other origins, most notably South Africa. A risk is the growth in the number of mango processors in Burkina Faso and the region, as well as the growth in volume by individual processors. Currently, supply grows faster than demand, which may affect price and profitability.

Mali has some artisanal drying units near the border with Burkina Faso, which are directly linked to the value chain and exporters in Burkina Faso. We see limited potential for Mali to become a significant origin for dried mango, and those drying units that have potential can be considered part of the regional mango trading system. However, Mali has some traction in processing juices, concentrates and purees for export, with two factories currently operating and two exporters having expressed interest in investing in processing.

Concluding joint analyses and conclusion

Mango has been identified as the most promising product market combination. Overall, Burkina Faso has the strongest position, Côte d'Ivoire can probably kickstart a sector relatively quickly, and Mali is the weakest of the countries in scope. There is however strong competition in a market that is only limited in size and for which supply seems to grow faster than demand.

Compared to other African mango origins, the focus countries have the following strengths, which can be leveraged to maintain and expand market position. This comparison provides a starting point for a regionally

coordinated diversification and strengthening of the chain.

- Burkina Faso: large existing market share with track record of inclusiveness, organic agriculture and is suitable for markets demanding organic products and storytelling. Dried mango is the most promising segment.
- Côte d'Ivoire: well-developed agricultural economy and business environment in comparison to the other countries in the region, allowing it to potentially kickstart the mango processing sector relatively quickly. Côte d'Ivoire is a transport hub for landlocked neighbouring countries.
- Mali: opportunity to tap into premium niche markets for dried mango that are interested in storytelling about inclusiveness and environmental sustainability, some traction in purees and concentrates.

While a programme on mango processing could provide opportunities for employment creation and inclusiveness, there are risks. These are mainly related to politics and security, as well as market demand and competitiveness. Political and security risks relate to uncertainty about elections coming up in Côte d'Ivoire and Burkina Faso, and to religious and tribal tensions in border areas between Burkina Faso and Mali. These need to be monitored closely by all stakeholders in order to ensure their security and maintain access to the market.

Market demand and competitiveness are risks: an increase in processing in Côte d'Ivoire and Mali may be a threat to Burkina Faso's current leading position in the market. Also, while market demand does grow for dried fruits, frozen fruits and purées, supply in the dried fruits segment is currently growing faster than demand. This can lead to competition between the focus countries, as well as with other supply countries like Ghana and South Africa. The key to mitigating these risks is diversification, coordination and market growth initiatives.

In order to increase the positive impact of the sector, key factors need to be considered for supporting companies and their enabling environment, which is true for all three countries:

1. Diversification: to address the challenges related to the seasonality of the mango sector, different types of processing, new product development, different fruits, value addition of by-products and different markets.
2. Professionalisation: packaging, quality consistency, standard setting, food safety, and sustainability certification. The latter is especially important in order to address social issues.
3. Market growth: build buyer/supplier relationships, niche (organic, "free-from"), substitute non-tropical fruits with mango and storytelling.
4. Coordination: regional interconnected mango value chains, coordinating market focus, sector support, and integration of other value chains (processing sector development).

We would advise against a full-fledged programme for either coconut or pineapple, at least within the timeframe of a CBI program. However, if interventions in these processing sectors are considered, they should be focused around organising the (processing) sector and providing support with regards to market information (supply and demand). This will both strengthen the supplier base and improve lobby and advocacy capacity towards government. While the coconut sector has the most market potential, it would also be the most difficult to realise.

Both the coconut and pineapple can be processed by the mango drying units in the mango off-season, allowing these processors to create the opportunity for year-round income. Therefore, integrating coconut and pineapple in a programme via the mango processing sector would allow the intervening actors to get to know the sectors and their potential for processing and organising themselves.