



ABioSA PROGRAMME 2019 GRANTEES: MID- TERM EVALUATION

Project Report

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& ASSOCIATES

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1. EXECUTIVE SUMMARY

INTRODUCTION

The ABS Compliant Bio-trade in South(ern) Africa (ABioSA) programme is funded by Swiss State Secretariat for Economic Affairs (SECO) and implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, under the umbrella of the Access and Benefit Sharing (ABS) Capacity Development Initiative, a multi-donor funded programme.

The aim of the ABioSA programme is to create a high-growth jobs-rich and innovative biotrade sector that complies with international and domestic ABS regulations. It supports sustainable development goals and contributes to the livelihoods of rural people and the productive use of South(ern) Africa's plant biodiversity. It aims to create permanent and seasonal jobs in biotrade value chains, while substantially boosting the value generated from bio-trade products from the region.

Additionally, the programme aims to prepare Small Medium Enterprises (SMEs) to become investment ready to be able to access funds that will result in growth of their business and the sector, and support SMEs who want to export their products to overcome regulatory hurdles as they struggle to comply with international and national regulatory requirements, including ABS regulations.

MID-TERM EVALUATION

The mid-term evaluation (MTE) tracked the growth and development of the grant beneficiaries since October 2019 against the baseline assessment as a benchmark. Also, the MTE has been used to ascertain how the grant beneficiaries have progressed towards their objectives as a result of the grant funding and as indicated in the grant application.

The MTE consisted out of the following sections:

- Section 1 Progress made thus far, achievements and challenges until now
- Section 2 Aspects including biodiversity, access and benefit-sharing compliance, socio-economic sustainability and compliance with legislative regulations
- Section 3 The organisations' growth and impact as a result of the grant funding; and the organisations' impact in relation to the ABioSA's outcome and indicators

1. SURVEY DESIGN

3.1. SAMPLING STRATEGY

The ABioSA project aims to build a high-growth innovative biotrade sector in southern Africa that complies with international and domestic ABS regulations; whilst supporting the creation of jobs and the contribution to productive, sustainable use of the plant biodiversity in South Africa and the region (localisation of value-addition). The ABioSA Innovation Fund awarded grants to the 10 qualifying grantees who have met these objectives and has shown the possibility of growth in turnover, job creation and an increase in sustainable practices.

The non-proportional survey design was based on a 100% sample of the Grantees. The strata of the population differ greatly in terms of the natural ingredients involved, the size of the businesses and the time that the Grantees and the Capacity Building Beneficiaries have been commercially active.

While 30% of the ABioSA programme was earmarked for the region, only one regional application, from Zimbabwe, was received. However, two South African SMEs submitted applications with direct impact on the region. These could be considered as regional, due to the impact it would have on the region. The term Grantees will be used to represent both the 9 SME Grantees and the 1 Laboratory Grantee.

3.2. SURVEY INSTRUMENTS

The MTE was specifically designed to obtain data reflecting the ABioSA programme's aims in terms of job creation within an innovative biotrade sector that complies with international and domestic ABS regulations. The survey also made provision for the achievement of sustainable development goals and the contribution to the livelihoods of rural people and the productive use of South(ern) Africa's plant biodiversity. The MTE consisted out of 3 sections:

- Section 1 Progress made thus far, achievements and challenges until now
- Section 2 Aspects including biodiversity, access and benefit-sharing compliance, socio-economic sustainability and compliance with legislative regulations
- Section 3 The organisation's growth and impact as a result of the grant funding; and the organisation impact in relation to the ABioSA's outcome and indicators

ALIGNMENT: BIOTRADE PRINCIPLES & ABIOSA OBJECTIVES		
BIOTRADE PRINCIPLES		ABIOSA OBJECTIVES
Clusters in M&E framework		Aligned with:
1	Conservation of biodiversity	<ul style="list-style-type: none"> • Convention on Biological Diversity (CBD) • Sustainable use of South(ern) Africa's plant biodiversity
2	Sustainable use of biodiversity	
3	Fair and equitable sharing of benefits derived from the use of biodiversity	
4	Productive, financial, market & socio-economic sustainability	<ul style="list-style-type: none"> • Contributes to livelihoods of rural people • Supports sustainable development goals • High-growth, jobs-rich, innovative biotrade sector compliant with national ABS regulations
5	Compliance with national and international legislation	

Also covers the following BioTrade Principles:
<ul style="list-style-type: none"> • Respect for the rights of actors involved in BioTrade activities • Clarity about land tenure, use and access to natural resources & knowledge

3.3. SURVEY IMPLEMENTATION

The survey was implemented through initial telephone and/or Skype contact with the Grantees to explain the purpose of the MTE Survey. Following the telephonic contact, the questionnaire was distributed to the Grantees by email. Follow-up contact support was made weekly after the survey was distributed by email. Such contact was made in the manner preferred to the Grantees, which included telephone, Skype, Whatsapp, sms and email.

On receiving the completed surveys, the information was checked for gaps and the Grantees were thanked for their participation.

3.4. LIMITATIONS

One of the respondents is a laboratory (Precision Oils Laboratory) and does participate directly in the biotrade industry. For this reason, the laboratory has not been included in the MTE. It needs to be noted that one of the companies (Veld Botanicals t/a Soil) did not submit any information towards the MTE.

4. MTE SURVEY RESULTS

The purpose of the MTE survey was to obtain reliable and relevant data during the support provided by the ABioSA initiative. The MTE information has been compared to the Baseline Assessment data to track the growth and development of the 10 Grantees in terms of ABioSAs outcome and indicators. The overall response rate for the Grantees was 80%. The detailed

sets of data generated by the survey have been captured on spreadsheets and can be viewed in support of this MTE Report.

4.1. CONSERVATION OF BIODIVERSITY

This cluster focuses on the type of ecosystem in which the sourcing and collecting of natural ingredients are taking place; the impacts and/or type of threats to the conservation of biodiversity as a result of biotrade activities; and the measures undertaken to avoid or mitigate the identified impacts.

In the Baseline Assessment (BA), less than half of the respondents indicated that they are aware of the type of ecosystem where the sourcing and collecting of natural ingredients take place and the threats to these systems; while half of the grantees have not been directly involved with the sourcing areas as they procure their natural ingredients from a third party.

This situation improved slightly during the Mid-term Evaluation (MTE), as 25% more respondents took cognisance of the type of ecosystem from where the sourcing was done and the type of threats to the ecosystem. Also, 70% of the respondents indicated an alertness to the impact of ecosystem as a result of the demand for more raw materials. The measures in place to the mitigate or avoid any identified threats increased from 20% during the BA to 25% in the MTE.

It is important to note that some respondents only purchase their raw material from first level processors, and they are not directly involved with the sourcing of the natural ingredients, and the majority of the respondents cultivate their own natural ingredients on private land and do not make use of wild harvesting.

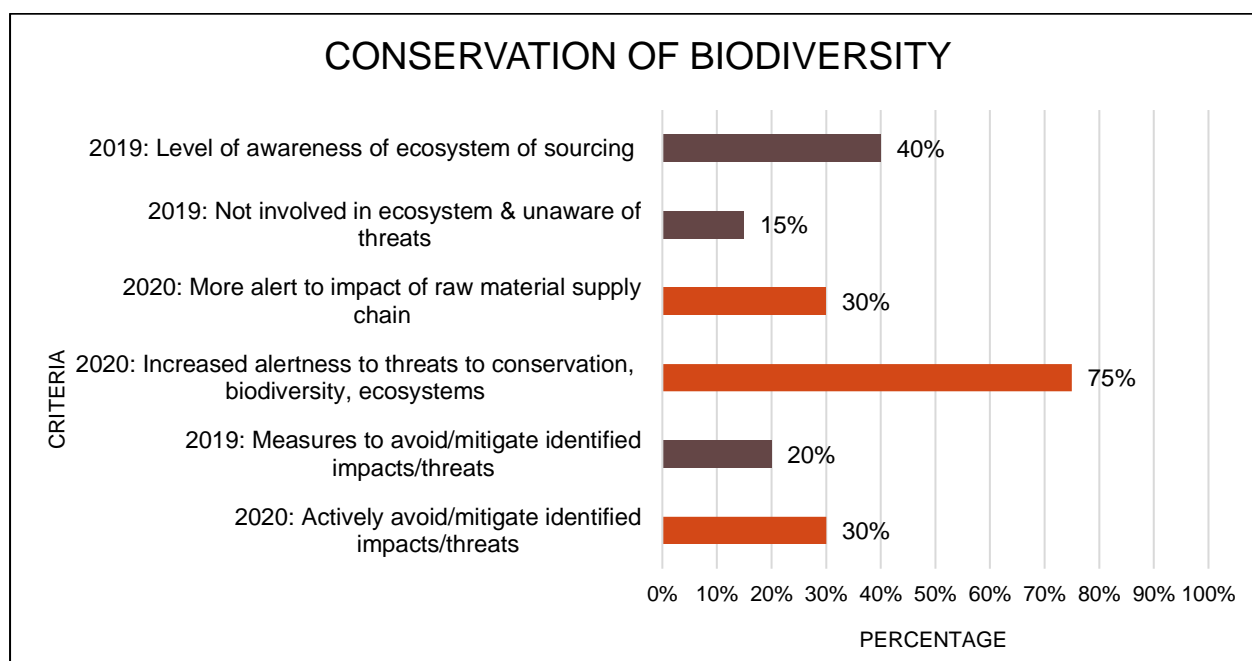


Table 1: Conservation of biodiversity

4.2. SUSTAINABLE USE OF BIODIVERSITY

This cluster focuses on the different collection/harvesting and/or cultivation areas for each type of the natural ingredients; and the sustainable practices of and training initiatives for the collectors and/or harvesters and/or producers. It also refers to the maintaining the quality of air, water and soil; and mechanisms in place to avoid and minimize the waste of raw materials.

During the MTE, the respondents were requested to indicate whether they have increased their current monitoring of the sustainable harvest frequency practices since the BA, as well as if they have embarked on additional training initiatives for employees, suppliers and collectors to support good collection, cultivation and quality practices. 13% of the respondents increased their monitoring practices, while 63% provided more training initiatives to improve quality assurance practices. Respondents provided their current hectares under cultivation or used for sourcing for each of natural ingredients. The quantity of hectares used or have access to increased with 38% since the BA.

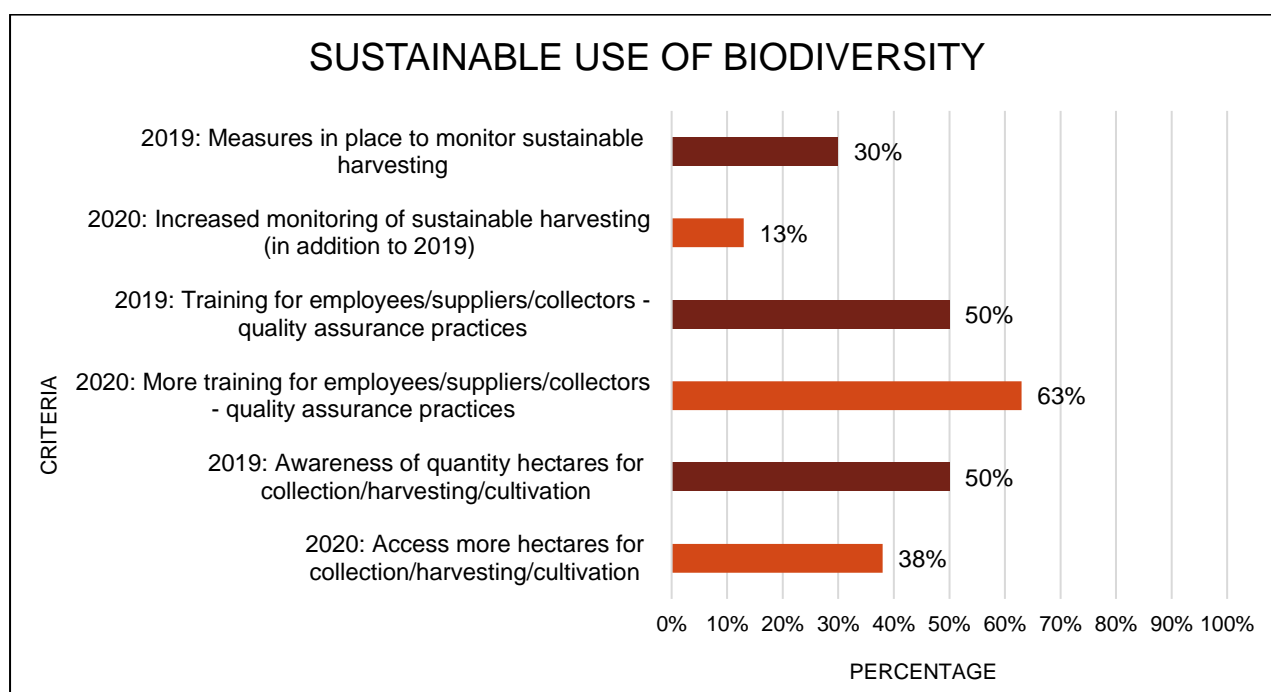


Table 2: sustainable use of biodiversity

4.3. FAIR AND EQUITABLE SHARING OF BENEFITS DERIVED FROM THE USE OF BIODIVERSITY

This cluster responds to the fair and equitable sharing of benefits arising from the use of genetic resources as based on prior informed consent and mutually agreed terms, which is a fundamental facet of the conservation and sustainable use of biodiversity under the Convention on Biological Diversity. It further includes steps taken to preserve and restore the traditional practices linked to the sourcing of species and ingredients that promote conservation and sustainable use of biodiversity.

During the BA, 40% of the respondents were in need of support with aspects relating to access and benefit-sharing, permits and the legal implications for companies dealing the natural

ingredients. The need for support increased to 63% during the MTE. Current negotiations relating to the use of the biodiversity and associated traditional knowledge increased slightly since the BA to 38%.

During the BA, 20% of the respondents noted that they were engaged with capacity building initiatives with collectors/harvesters/producers and their local communities, whilst 40% indicated that they do not deal directly with collectors and will harvesters on a capacity building level. This incidence improved during the MTE with 38% of the respondents being involved in some kind of capacity building initiative on sourcing level.

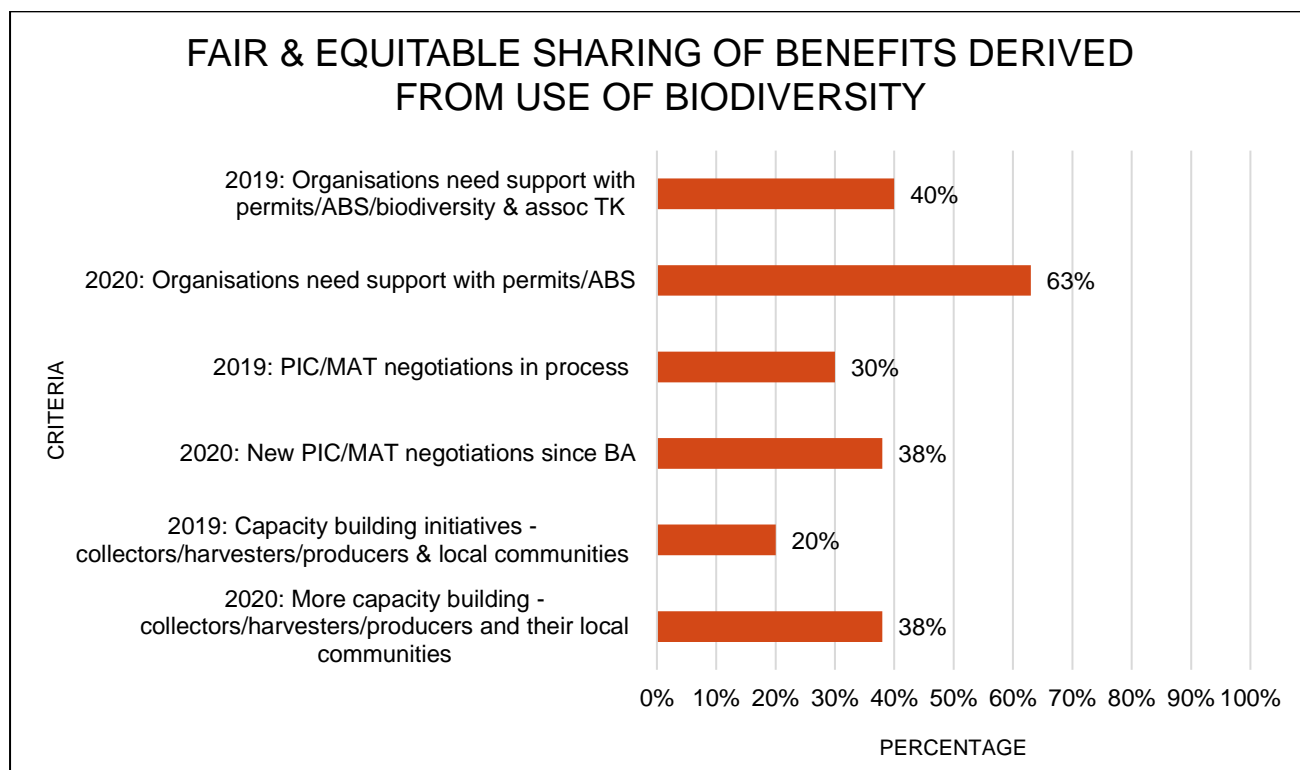


Table 3: fair and equitable sharing of benefits derived from the use of biodiversity

4.4. PRODUCTIVE, FINANCIAL, MARKET & SOCIO-ECONOMIC SUSTAINABILITY

The cluster considers the need for biotrade products to have market potential which is related to the existence of specific markets for those products and services, in order to ensure the sustainable growth of the sector. Market creation needs to focus on the specific needs that the target market might have for the product or service in terms of trade information, strategic partnerships and advertising. This cluster further recognises the necessity of obtaining long-term financial sustainability; and to have the ability to generate meaningful employment and contribute to the improvement of the standard of living for local communities providing the natural resources. To achieve such sustainability, these aspects have to be promoted throughout the supply chain by providing improvement support to suppliers and related communities, in order to enhance their commercial practices.

Respondents indicated during the BA that 90% have sufficient knowledge of their target markets' expectations related to quality requirements. It seems that companies have capitalised on this information, as 75% of the respondents indicated during the MTE that they have found new markets for their products. During the BA, 80% of the respondents were aware of the quantities required for the different local, national and international markets; and 50% of the respondents reported during the MTE that they have introduced new products to the different markets as a result of improved market access, better production-related quality standards and increased knowledge of the target markets' requirements.

For background information, the companies' operational structures include the entire spectrum of processing and producing products and services for the biotrade industry and ranges from cultivation, harvesting, to processing and packaging. Each of the Grantees are involved in one or more of the different sectors within the biotrade industry. These sectors include pharmaceutical and nutraceutical products, cosmetics, beverages, indigenous oil analysis, processing of raw material, dried herbs, production of essential oils and butters, and body care and baby care finished products.

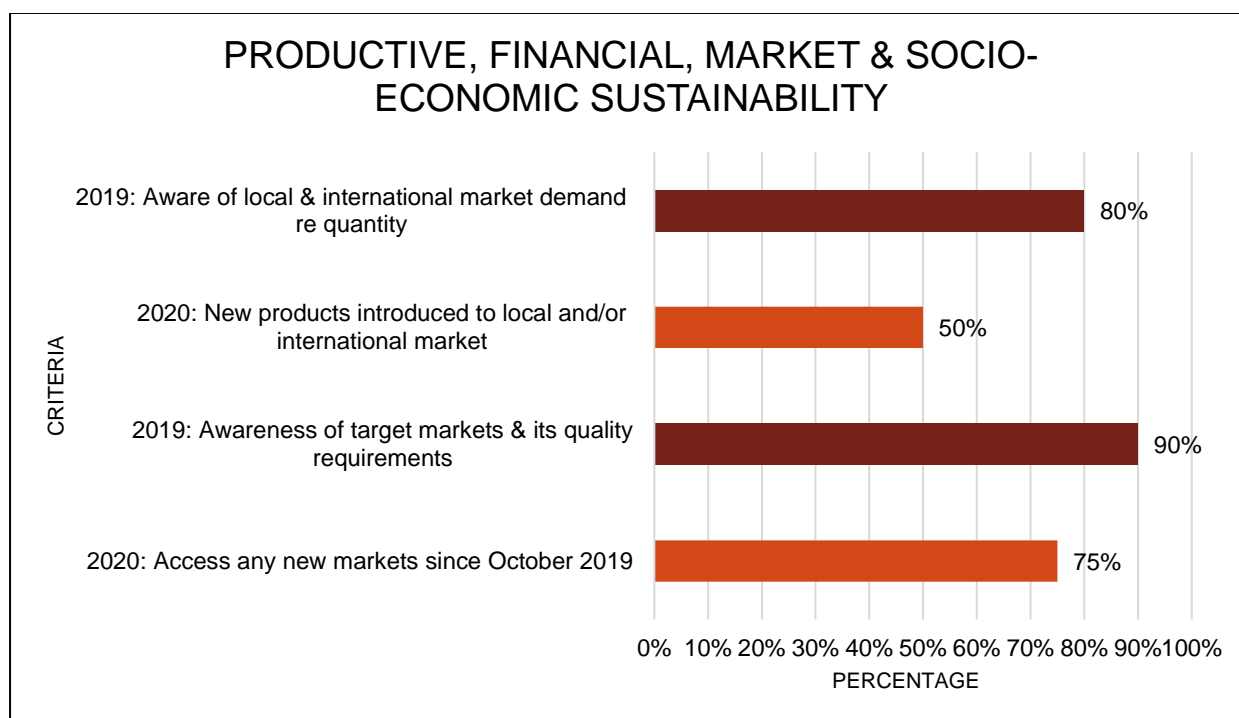


Table 4: productive, financial, market & socio-economic sustainability

4.5. COMPLIANCE WITH NATIONAL AND INTERNATIONAL LEGISLATION

This cluster focuses on the compliancy of the Grantees with relevant international and domestic legislation and regulations in order to obtain market access for its products. This includes the labour legislation applicable, to each country; the Convention on Biological Diversity; the Convention on International Trade in Endangered Species of Wild Fauna and Flora; the conventions of the International Labour Organization; the rules of the World Trade Organization, and other regulations. Furthermore, the generating of social capital is one of the

pillars of sustainable development; and includes the understanding that human rights are fundamental to the work of all those involved in the sustainable trade of biodiversity products. As important is the recognition of intellectual property rights and the value of traditional knowledge associated with the genetic resources utilised in the innovation processes.

The BA indicated that 20% of the respondents obtained or are in process to obtain the relevant ABS agreements and/or permits for each of the natural ingredients they utilise in their production processes; and 40% were aware of the international agreements related to biodiversity, particularly the CBD, the Nagoya Protocol and CITES. During the MTE, this situation has not much changed since the BA and 75% of the respondents requested support to correctly interpret the ABS regulations applicable when exporting from South Africa during the MTE. Also, 63% of the respondents noted during the MTE that they are still waiting for information and support with Material Transfer Agreements, Biotrade and/or bioprospecting permits. 50% of the respondents confirmed that they are in need of support relating to understanding international trade regulations applicable to their respective businesses; and 63% of the respondents needed clarification on how other countries' legislation will affect their business practices should they want to trade with these countries.

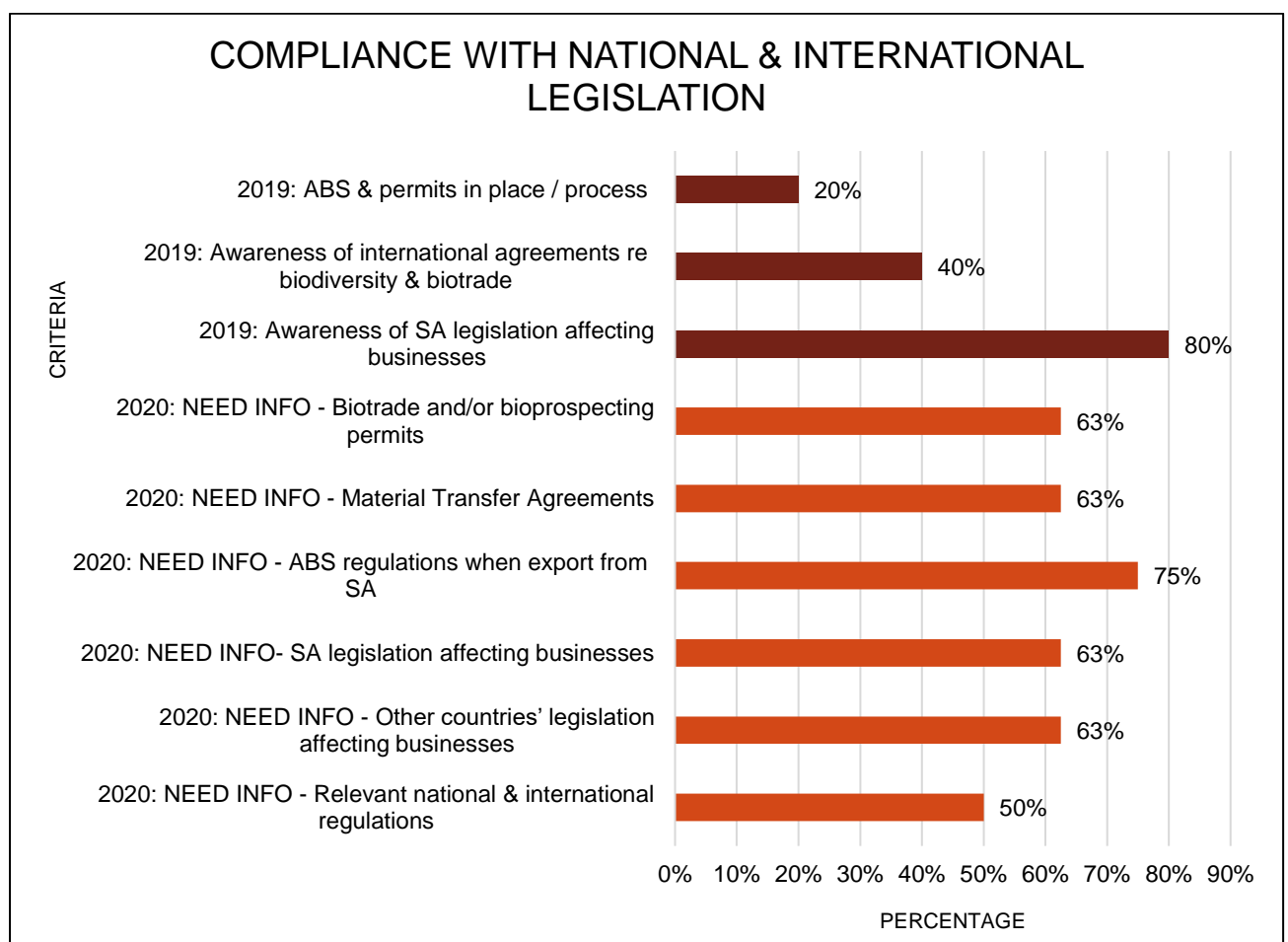


Table 5: compliance with national and international legislation