

Minutes of the 11th biotrade stakeholder forum

4 November 2020

- The forum was hosted by ABioSA, UNIDO's Global Quality and Standards Programme, and the Swiss Import Promotion Programme (SIPPO). It was facilitated by Serole Sehona, ABioSA Junior Technical Advisor.
- **39** people joined the online forum – *see list in Appendix 1*
- The next biotrade stakeholder forum is scheduled for 16 Feb 2021 (*online or in person TBC*)

Welcome by Adrie el Mohamadi – ABioSA Technical Advisor

The purpose of the meeting was to give participants a better understanding of challenges faced by SMEs seeking to comply with international certification and testing requirements, and to discuss the benefits of compliance.

The challenge is for the biotrade sector to coherently and systematically support SMEs.

This forum concept emerged from stakeholder mapping that aimed to identify the aims and activities of biotrade stakeholders and find ways to collaborate more effectively.

At the 10th forum, ABioSA partner LISAM presented about the network of local and international laboratories which will help SMEs to become compliant with international market regulations. This will help to address the cost and complexity of compliance for small businesses.

ABioSA is engaging with DEFF, the chair of the BioPANZA market access cluster, to bring related initiatives supported by business support organisations (BSO) into the cluster.

Review of minutes from 10th biotrade stakeholder forum – Elsie Meintjies, UNIDO-GQSP

The minutes of the 10th biotrade stakeholder forum were approved (see Appendix 2).

No additional matters arising.

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Summary of SME presentations

Compliance and marketing challenges - Tafara Shuro, CEO of Qobo Qobo *(see Appendix 3)*

Qobo Qobo is a social enterprise based in Keiskammashoek in the Eastern Cape. It has had a difficult transition from dependency on funding to a sustainable social enterprise.

The organisation has had support from dtic, the Eastern Cape Development Organisation, SAEOPA, Old Mutual and a particular mention was made of current support from the SAB Foundation.

Qobo Qobo works on a hub and outgrower model with eight farmers currently growing 1ha of Rose geranium and 4ha of Rosemary on five hectares each. It also has 20ha of its own land, with a total of 60ha under cultivation. It plans to increase cultivation to 80ha in 2021.

Qobo Qobo has produced 200kg of high-quality Rose Geranium oil but has struggled to access international markets, leaving it with unsold stock and a cash flow challenge which put its 50 employees and 28 casual labourers at risk.

Compliance has been a major challenge when approaching international customers, and the organisation has had to sell through middlemen. It lacks skills and knowledge of testing and compliance, and faces challenges with insurance and exchange rates.

A process is underway to get mentors to support the compliance and marketing process. Tafara said Qobo Qobo would welcome a collective effort to strengthen skills transfer to primary biotrade producers to support their market entry.

Responding to questions, he said Qobo Qobo's market has to date been mostly local and repeat sales. He knows he needs to access international markets. He is aware that some of his production is exported by middlemen with too little of the profit coming to the producer.

Export trade barriers for SMEs in the cosmetics sector – Lorrain Goodman, founder of Lavenderlane *(see Appendix 4)*

Lorraine is KZN representative of the Cosmetic Export Council of SA and coordinator of the Mzansi Retail consortium of about 60 small companies.

Lavenderlane is based in KZN and focused on creating jobs and export opportunities, and supporting SA businesses with packaging, labelling and sourcing ingredients. It works with 90 essential oils, with a decline in exports during the Covid-19 pandemic prompting it to start planting Wild Ginger, Vetiver, Bluegrass, Lemongrass and Warburghia.

Lavenderlane has invested around R1,8m over 12 years and has a diverse range of 64 products, of which 21 have a safety data sheet (SDS).

None of the products have a Product Information File, and Lorraine recognises that being semi-compliant is not good enough. One of her biggest challenges has been getting reliable information about certification requirements in different markets.

Lorraine has had a lot of support from the KZN office of DTIC (TIKZN). Mzansi Retails is currently placing about 30 brands in duty free shops at Dubai, Shiraz and Abu Dhabi airports.

Another challenge is the cost of compliance, with an SDS costing R4,000 and a PIF R30,000 per product, making the process unaffordable for 80% of Mzansi Retail members. Some members do their own SDS but if not done correctly could lead to risks and liabilities.

Changing regulations in different countries is another challenge. For example, laws keep changing in Saudi Arabia, which recently introduced a 17% tax on imports. In some cases, the first shipment was accepted but the second shipment was rejected.

Also concerning is SMMEs travelling to trade shows and securing customers, then having to get PIFS, so their orders fell through due to costs.

Language barriers, particularly for technical and compliance issues, are an additional challenge. Saudi Arabia, Ghana and Kenya require Intertek certification but the SA office of Intertek was not able to help with cosmetics compliance. It took four months to find out what tests were required and they had to be done in Paris at great cost in Euros.

LISAM was eventually able to guide Lavenderlane through the process, and is also helping with PIFs, labelling requirements etc. Lorraine concluded that certification was the biggest challenge for SMMEs, and recommended the creation of a single source of updated information and support on compliance for biotrade companies.

She suggested that dtic help companies with certification before sending them to global trade shows to find customers. There is also a need for a local marketing 'fixer' who can help to navigate compliance and access to markets.

Pros and cons of compliance and certification – Trevor Steyn, founder of Esse (see Appendix 5)

Esse was started in 2002 and was a small producer and trader until 2009 when it secured a Dutch distributor. It has since had ten years of fast growth and 90% of its sales are now exports to 42 countries.

Its salon and spa markets and sales in SA were hit hard by Covid, but global sales still increased 14% in 2020 to date. Esse has 121 product information dossiers (same as PIFS) required to export into the European Union. Scandinavian countries account for 60% of sales.

Trevor said exporting without a PIF was a big risk because regulators can give a company 48hrs to produce the necessary documents and then blacklist those that don't comply.

Esse has also focused on vegan, organic and carbon neutral certification. It aims to be plastic neutral, and recovers a kilogram of plastic from the ocean for every kilogram it uses in packaging.

Trevor noted that efficacy testing has to be done in the EU, and toxicology reports are handled by an EU-registered laboratory.

Comments from the panel

Christopher Wood – dtic export development and promotion

Christopher said dtic sought to understand and help to address SME challenges with compliance and market access. He briefed participants on a new dtic export barriers monitoring mechanism, which is designed to help SMMEs to report their challenges by phone, email and online. This makes it easier to engage with government and enables dtic officials to act as a representative of SA business to help resolve barriers to trade.

It will enable SMMEs to talk to a single government person, and then dtic will gather information and liaise with regulators and overseas trade officials; while building a relationship and knowledge of SMMEs and their challenges. This will inform government's long-term economic diplomacy.

Details of government support for SMEs will be published in future ABioSA briefings

Belinda Berry – LISAM chief executive

Belinda offered detail and clarity on compliance required for market access. A PIF (Product Information File for Cosmetic Products) includes a toxicology report, which is not a laboratory report but is compiled by a toxicologist suitably qualified for Europe (Safety Assessor), based on the complete formula and packaging and stability etc to confirm the safety of the cosmetic product application.

The PIF is held by a responsible person, who is by default the importer of the products but can also be independent. The RP must be an EU entity but the Safety Assessor can be based outside the EU.

Under European rules the PIF is self-regulatory, but it is risky to enter European markets without one. The SDS is not certifiable but is required in each country aligned with specific regulation.

LISAM is compiling a list/network of laboratories in SA and internationally to help SMEs to comply with EU regulations. There are currently South African laboratories that can do the basic necessary tests, but the capability is spread across multiple laboratories.

Details of compliance requirements will be published in future ABioSA briefings

Karen Swanepoel – SAEOPA executive director

Karen said Qobo Qobo oils were likely being bought to bulk up a shipment, and that the company should aim to be producing a ton of oils in order to have a voice in the market.

‘Volume means voice,’ she said, noting that China and India have the volumes to be heard and that Egypt has 3000ha of Rose geranium under cultivation.

Questions and discussions

Phindile Langazane– DFFE

Phindile thanked the SMME speakers for sharing their experiences and spoke about the important role government and BSOs play in providing an enabling environment and resources for SMMEs.

Adrie el Mohamadi – ABioSA technical advisor

Adrie asked Trevor about the tipping point in his export sales growth. Trevor said compliance was not the only factor that opened up markets, but that growth had come from ‘incrementally chipping away’. Esse at first traded in Europe without the necessary compliance, but getting into the Netherlands justified the expense of getting the first few PIFs.

Jonathon Rees – ABioSA communication team

Tafara was asked what new species were in his pipeline, and how their sales would be approached differently, based on the experience with Rose Geranium. He said Qobo Qobo is doing planting and growing trials with Cape Chamomile, Cape Helichrysum and Cape Vetiver, and once their viability is established will test the market before growing them at scale.

Elsie Meintjies – UNIDO-GQSP chief technical advisor

Elsie made the point that compliance was an investment, not a cost. She noted that UNIDO GQSP provided technical assistance to SMMEs seeking to gain market access, and that Wits university was offering to test microbial activity in biotrade products.

She asked participants to share a list of topics they would like discussed in future forums.

The meeting ended shortly after 12h00, having agreed to 16 Feb 2020 for the next forum.

Appendix 1 – list of participants

Name		E-mail	Signature
Adrie El Mohamadi	ABioSA: GIZ	adrie.elmohamadi@giz.de	Attended
Serole Sehona	ABioSA: GIZ	serole.sehona@giz.de	Attended
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Ulrich Klins	GIZ/BIA	ullrich.klins@giz.de	Attended
Motlatjo Maputla	GIZ/BIA	motlatjo.maputla@giz.de	Attended
Lara Kotzé	CSIR: BIDC	LKotze@csir.co.za	Attended
Greg Gordon	CSIR	GGordon@csir.co.za	Attended
Adelia Pimentel	CTFA	adelia@ctfa.co.za	Apology
Preshanthie Naicker-Manick	DFFE	PNaicker@environment.gov.za	Attended
Phindile Langazane	DFFE	PLangazane@environment.gov.za	Attended
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Marthane Swart	SKAA	marthane@skaa.co.za	Attended
Anna Reyneke	SIPPO	Anna.reyneke@sippo.co.za	Attended
Elsie Meintjies	UNIDO: GQSP	E.MEINTJIES@unido.org	Attended
Carmel le Roux	UNIDO: GQSP	C.LEROUX@unido.org	Attended
Motlalepula Matsabisa	University of Free State	MatsabisaMG@ufs.ac.za	Attended
Oldapo Aremu	University of North West	Oldapo.Aremu@nwu.ac.za	Attended
Bridgit Evans	SAB Foundation	Bridgit.Evans@za.ab-inbev.com	Attended
Lorraine Goodman	Lavenderlane	lorraine@lavenderlaneoils.com	Attended
Tafara Shuro	Qobo Qobo	tafara@siyakholwa.co.za	Attended
Idah Manduna	CUT	imanduna@cut.ac.za	Attended
Matsidiso Hashate	SEFA	MatsidisoH@sefa.org.za	Attended
Sani Gumede	TIA	Sani.Gumede@tia.org.za	Attended
Stephen Nel	IDC	stephenn@idc.co.za	Attended
Trevor Steyn	Esse	trevor@esseskincare.com	Attended
Xolile Ngubane			

Appendix 2

Draft Minutes of the 10th Biotrade Stakeholders Forum meeting held virtually on 3rd August 2020

1. Welcome, Apologies, Purpose of meeting and approval of draft Agenda

The Chairperson welcomed all to the meeting stating that it had been quite some time since the last engagement as the biotrade Stakeholders Forum which took place in February 2020.

Dr Shakespear Mudombi who had started on the 1st of July his function at the Swiss Embassy as a National Programme Officer was introduced. Shakespear took over from Nonhlanhla Halimana and he is the SECOs program manager for the sustainable value chain and resource efficiency portfolio and the focal point for environmental issues.

The purpose of the meeting was to pick-up where we left off in February. At the 9th Biotrade Stakeholders forum meeting, it was agreed that the chairpersonship of the Forum will continue to be shared between the SECO funded ABioSA and the GQSP-SA projects and that the BioPANZA will provide guidance on the direction of the forum. It was agreed on holding quarterly meetings, the 10th meeting was chaired by the GQSP-SA project. It was mentioned that the May quarterly meeting was not held as everyone was grappling with the impact of the COVID-19 pandemic and re-inventing how work could continue despite the hard lock-down.

The item on incorporation of the laboratory network development in to the BioPanza Market Access Cluster work programme was removed from the draft agenda for discussion at a future meeting. The revised agenda was approved by the meeting.

A list of attendees and apologies received is given in Appendix 1.

2. Recap of activities from the 9th meeting (3rd February 2020)

In October 2019, a process was started to map the meso-organizations operating in the BioProspecting and BioTrade segments. This stakeholder map was developed during a series of workshops and, during the 9th meeting Mesopartner presented some feedback on the meso mapping exercise. This presentation was also circulated. For information, the work was then written up as a case study and widely circulated, including to persons on the contact list for this Forum.

A case study on how the meso stakeholder map could be used to create a collaborative laboratory network that will specifically provide support to SMMEs to achieve sector compliance with EU regulation was presented jointly by ABioSA, the GQSP-SA and DEFF. The actions that needs to be taken into consideration to create a collaborative network includes mapping the current activities of organisation that offers support with sector compliance with EU regulation; then create a multi stakeholder project comprising of those organisation to provide technical or financial support that will strengthen and capacitate the network of laboratories and institutions using the BioPANZA platform to engage with relevant SMMEs and make the network visible.

DEFF presented on the BioPANZA integration plan. The presentation comprise:

- i) A description of the BioPANZA operational model;
- ii) An update of the 3 BioPANZA clusters already operational (finance, market access and sustainable supply); and
- iii) A concept on the implementation of an integrated market access cluster platform that will create a space where SMMEs can be offered a holistic support towards market readiness was presented. The presentation had been circulated.

3. Development and establishment of a national network of testing laboratories

During the 10th forum Ms Belinda Berry and Dr Anushka Govindsamy were introduced. In 2019, LISAM conducted a study to Demystify the EU regulatory requirements for indigenous oils, this study also included a gap analysis as to how well these requirements were being adhered to by enterprises in SA.

LISAM presented the ground-work being done for the development of a national network of testing laboratories. The work presented here has been commissioned by the ABS Compliant Bio-trade in South(ern) Africa (ABioSA) programme that is funded by Swiss State Secretariat for Economic Affairs (SECO) and implemented by GIZ.

It was emphasised that the Biotrade Stakeholders' Forum members will, in one way of another, need to engage with LISAM whilst they execute this very important assignment for the industry. For instance, forum members may be required to participate as follows:

- As part of government within the context of BioPANZA having to create this one stop platform for SMMEs, or
- A public funded institution with a biotrade mandate with testing infrastructure and needs to join the “*network of laboratories and related institutions*” (i.e. CSIR BIDC, Innovation Hub, Incubators), or
- As part of a tertiary institution with expertise and infrastructure to conduct tests for the biotrade sector; or
- Be a commercial testing laboratory offering testing services for the biotrade sector; or
- May receive a proposal from biotrade SMMEs asking for certain tests and analysis as part of their support and therefore it would be good for them to have an overview of what is required when for example Adrie as the ABioSA advisor receiving a proposals as part of the Round 1 & 2 calls with SMEs requesting specific tests such as efficacy tests to be conducted, but do not know that actually safety tests should have been concluded first.

The presentation made by LISAM is attached as Appendix 2. LISAM fielded questions on the cost of testing; indicated that compliance with EU requirements was an advantage when preparing to export to other countries; the validity of test results in other countries was of concern; LISAM does not have testing capability in South Africa.

4. Introduction to the development of 6 Sector Plans

In 2019 two (2) workshops were held to discuss a marula sector development plan. One in SA, the other in Namibia. Since then, the ABioSA project has made significant progress in the development of 6 sector plans for the BioTrade Sector in Southern Africa.

Kruger Swart and Associates shared information on the project which was kick-started in July 2020. The presentation is attached (Appendix 3).

SKA was advised to contact SAAFFI and the SME division at SABS. Inputs were given that it is important to do market research as it is pointless spending funds if there is no market or if the market needs cannot be met. It was indicated that DEFF has commissioned a market analysis study. Also, that the project management unit (PMU) was being set up for GEF 6 programme.

5. Way Forward and next steps

It was confirmed that the BioTrade Stakeholders' Forum is about information sharing, learning, collaboration and coordination. Updates on progress will be given at the next meeting.

6. Date of 11th meeting

The next meeting was scheduled for 3rd November 2020. However, this date is problematic as several members are unavailable. As the next meeting will be chaired by the ABioSA project, it was agreed that a quick survey will be done to establish availability on the 4th November 2020.