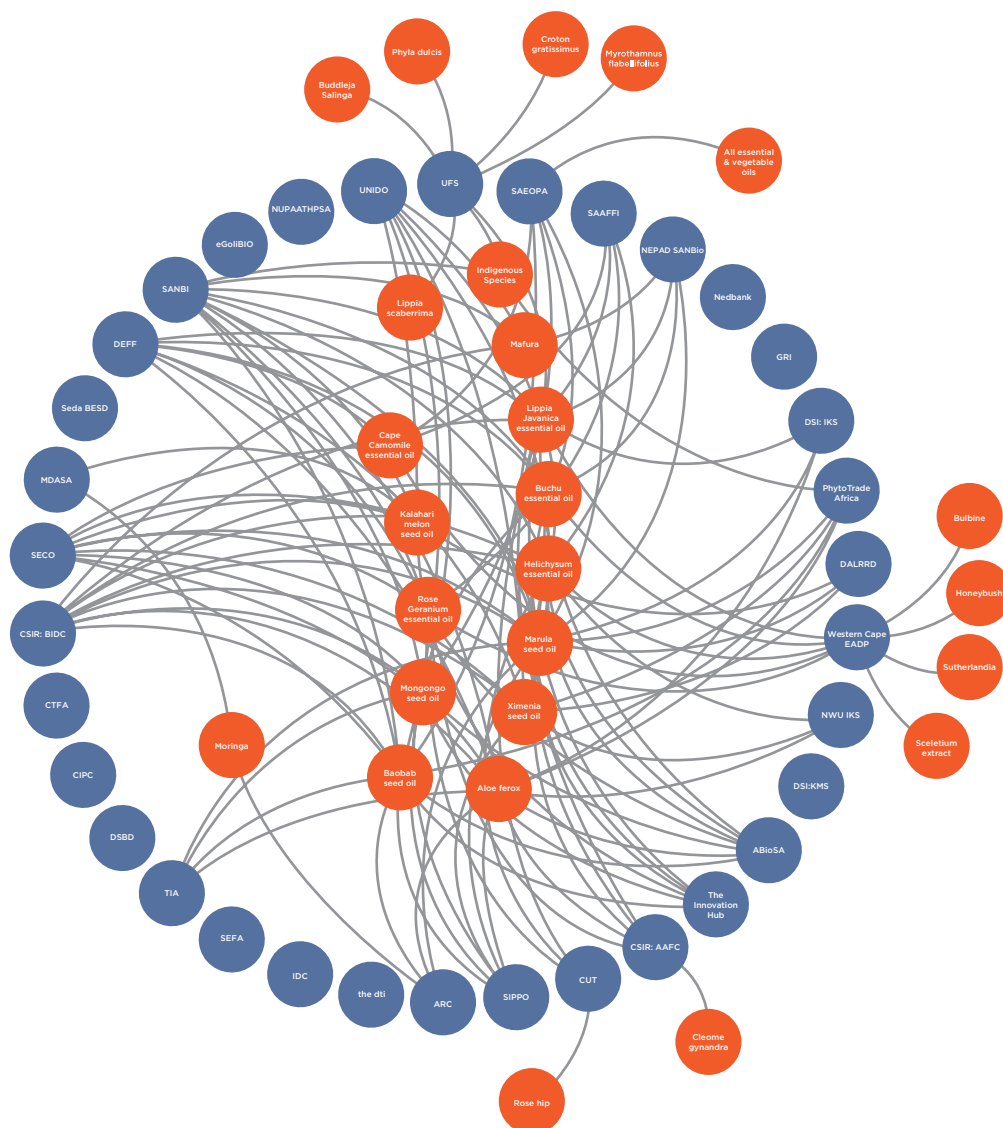


# The mapping of public and business support organisations

## THE MESO LEVEL WITHIN THE SOUTH AFRICAN BIOTRADE SECTOR



### CASE STUDY

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**environment, forestry  
& fisheries**

Department:  
Environment, Forestry and Fisheries  
REPUBLIC OF SOUTH AFRICA



**the dtic**

Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

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Education and Research EAER  
State Secretariat for Economic Affairs SECO



## Introduction

The biotrade sector is emerging as a significant industry which sustainably uses wild or cultivated natural resources for social and economic development. Working to improve the performance of any sector often presents a large number of challenges to public and business support organisations (BSOs). BSOs are also referred to as meso organisations and are explained in this document. Within the biotrade sector, as in many other sectors, these meso organisations' service offerings are not explicit and collaboration amongst these organisations is fragmented. This makes it difficult for an overstretched entrepreneur working on a dozen burning issues to understand how to know where to look for and find the necessary enabling support.



*Agathosma betulina* (Buchu)

The main aim of mapping the meso level organisations was to get an understanding of what each organisation is doing, what its service offering is and to whom the services are targeted. For this to happen the meso organisations should work together effectively while pursuing different or complementary objectives. The challenge is to get the different meso organisations to pursue synergies, amplify knowledge spillovers and improve the overall dynamism between a wide network of stakeholders within the biotrade sector in order to respond to the needs of the biotrade SMMEs.

## DEFINITIONS

### BIODIVERSITY ECONOMY:

The biodiversity economy of South Africa encompasses the business- and economic activities that either directly depend on biodiversity for their core business or that contribute to the conservation of biodiversity through their activities (Van Paddenburg, et al. 2012).

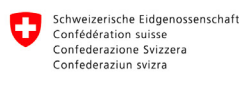
### BIOPROSPECTING:

Bioprospecting is the process of searching for, collecting, harvesting and extracting living or dead indigenous species, or derivatives and genetic material thereof, for commercial or industrial purposes.

### BIOTRADE:

Biotrade is the buying and selling of milled, powdered, dried, sliced or extract of indigenous genetic and biological resources for further commercial exploitation.

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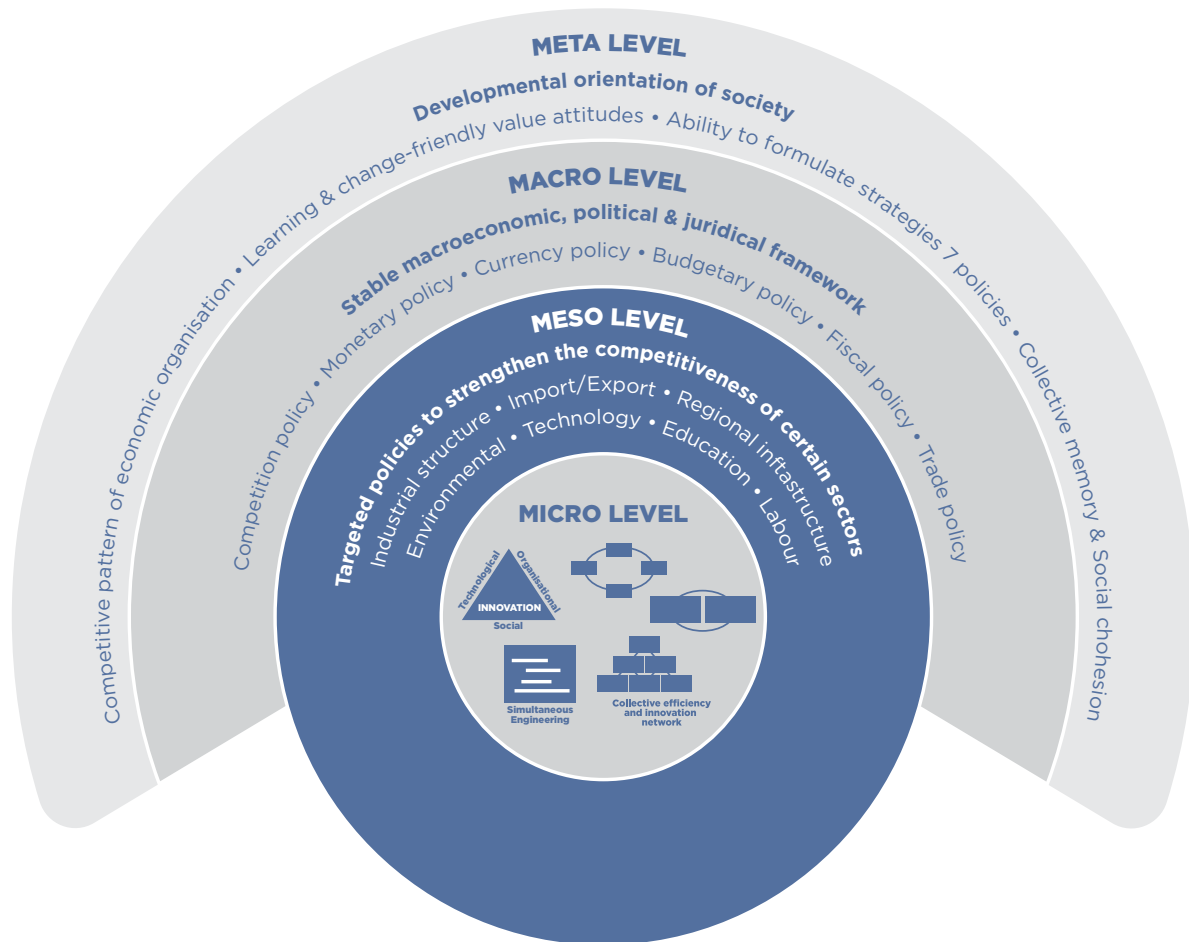
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## What is the MESO Level?

Meso is one of the four levels of the concept of the Systemic Competitiveness Framework developed by Esser, Hillebrand, Messner and Meyer-Stamer (1995). It is built around four system levels, namely: micro, meso, macro and meta level (Figure 1). The meso space is conceptually positioned between the micro economy of interacting enterprises and the macro-economic framework conditions. Meso is a key dimension of the systemic interpretation of economic and societal change processes.



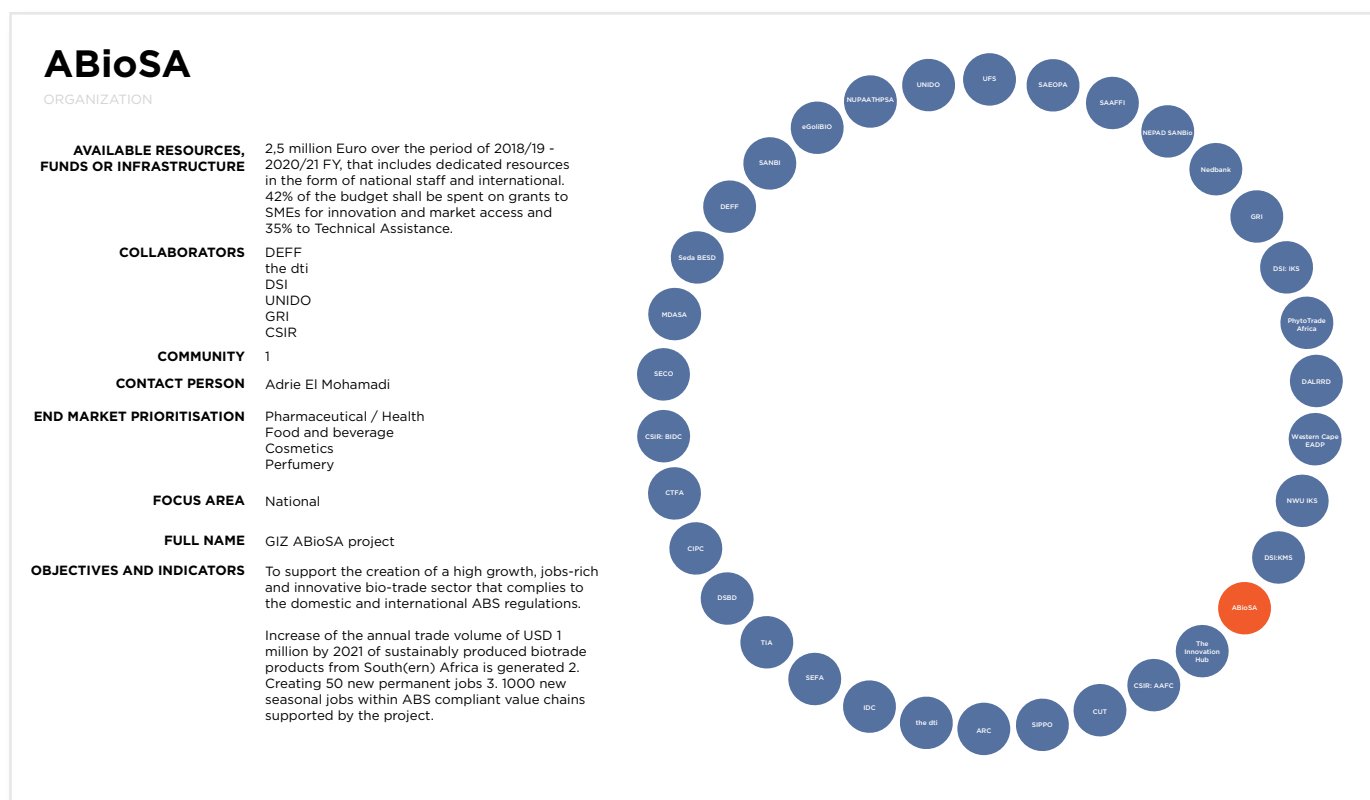
**The Systemic Competitiveness Framework** (Figure 1: Mesopartner Annual Report 2017: 10)

It is a level where both public and private meso organisations at the national, regional and local level become involved in promoting business; and, where targeted meso policies, support initiatives and concrete projects are implemented jointly to promote sector advantages and increase relative competitiveness. Within the South African policy and legislative framework, the National Environmental Management: Biodiversity Act (Act 10 of 2004) is an example of a meso policy that affect all meso organisations within the economy.

Examples of meso organisations are industry associations, SMME promotion agencies and public education and training institutes in support of the process of economic change and development. Meso organisations act as a vehicle to stimulate economic activities and strengthening enterprises at the micro level. This applies to organisations that supply public goods such as education or public infrastructure or provide services with very strong external effects, also known in South Africa as implementing agencies within the public space (Adapted from: Mesopartner Annual Report 2017\_Article 1 and 2).







#### Meso level stakeholder listing view

It became apparent that it was important to capture some of the larger support organisations at programme or division level instead of the organisation as a whole, as different programmes or divisions served different markets with unique resources and offerings.

At that point, the survey was extended to a larger number of organisations and programmes that have been identified by the participants. The results were captured in an online data visualisation application called Kumu. This interactive map is able to clearly show the concentration, overlaps and the gaps in the support system.

This [map](#) was presented at the second workshop. It was noticeable that the terminology that participants used had changed; words like “value offering” and “focus” were more readily used. It also became more evident that the meso organisations not only had a responsibility towards small, medium and micro enterprises (SMMEs), but that they also had to purposefully work together to improve coordination, search and discovery and other costs that may suppress entrepreneurial activity.

At the third workshop, Mesopartner presented their insight and recommendations and the project team presented an example of how the interactive map could be utilised to create and strengthen joint networks that will support SMMEs with specific challenges, such as international market access.

#### How the dynamic and value proposition of the meso system can be improved

In many cases the descriptions of services and offerings of organisations within a sector that were created by government, by individual or collective stakeholders to strengthen the competitiveness of companies are not explicit.

More careful thought should be given to answering the following questions:

- How can each offering be accessed by entrepreneurs?
- What resources or capabilities does each organisation have in place? Is the support aimed at particular links in the value chain, or a specific range of species, or does it provide general support to all business activities?
- Which kind of SMMEs and at what level of competence must the enterprise be to benefit from the service? For instance, it should be explicitly stated what the preconditions are to make use of a particular service.
- Must the SMMEs already have a two-year track record?
- Must they have a particular kind of technology in their operation?
- Is this service only useful for certain kinds of companies in specific sectors or stages of development?
- Which kind of SMMEs cannot be assisted? For example, can the organisation help all sizes of companies?
- Can only community projects be assisted?

## Further insights gained from the mapping process

- The search and discovery costs in the biotrade sector are high and the costs to find the right service provider or supporting organisation increases when the offers of the service providers do not address the key areas mentioned above.
- The coordination costs in the meso level are high and trust initially appeared to be low for both SMMEs as well as other meso organisations.
- The ability of the meso level to respond dynamically to changing or emerging new patterns appeared to be low. It became evident that very few organisations had the internal capacity to reflect on reoccurring problems that were picked up from supporting SMMEs that fell outside of their mandate and set indicators.
- The private sector representative organisations and membership organisations are not leveraged adequately by the system. These organisations often have extensive insight into what was going on in the bio-trade sector, but their voices were not often brought into programme or service design processes. These organisations can provide valuable information both in generic (sector wide) terms, and in areas specialised around specific markets, species or technologies employed.
- Expertise and specialised resources in organisations are not visible or leveraged.
- There is not enough focus on promoting excellence in meso organisations and competitiveness at enterprise level.

## Proposed Solutions

### What we know now

The stakeholder mapping established that the biotrade sector is well researched and documented with high-level strategies, resources and data being available. Operation Phakisa is an initiative of the South African government. This initiative was designed to fast track the implementation of solutions on critical development issues. It is a unique initiative to address issues highlighted in the National Development Plan (NDP). Key milestones and objectives were set for the biotrade sector to be reached by 2030. South Africa is one of a few countries in the world to have a Biodiversity Act and a National Biodiversity Institute. The large number of public meso level organisations who have reported key activities and indicators in their business plans focused towards the biotrade sector is evident in the map. A reference list of documents is provided at the end of this document.

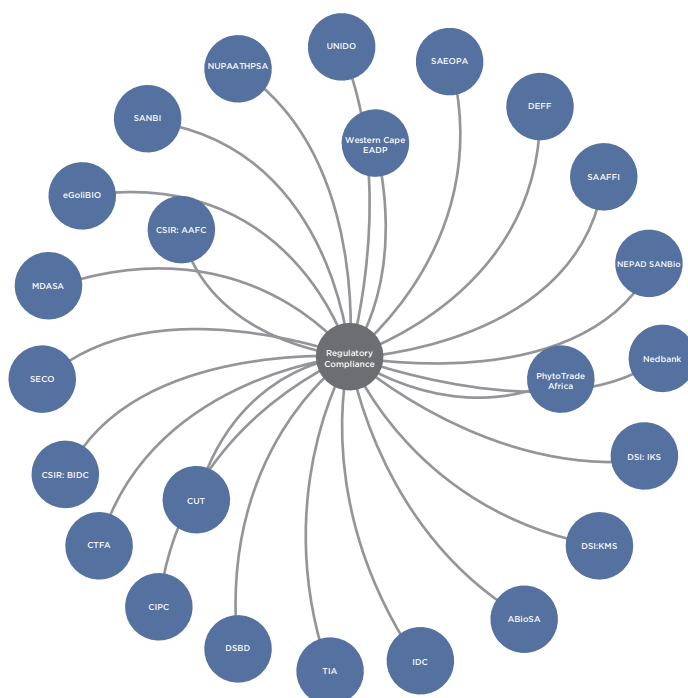
However, the information is not necessarily known or easily accessible to SMMEs and meso organisations. The meso landscape is difficult to navigate and requires tenacity and resources to find specific support for the challenges facing the sector.

### Value chain focus - network view

This map shows how the meso organisations prioritised different links in the value chain.

While some organisations have a clear focus on some parts of the value chain, other organisations have more generic offers over larger parts of the value chain.

By clicking on the legend at the bottom of the map, only the organisations involved with that link are displayed. It is possible to select multiple organisations.



Meso level stakeholder value chain - network view

The visual mapping process highlighted the resources available to the system and provided much needed insight for programmes to establish potential cooperation between partners to reduce the joint service offering costs of available resources. It also highlighted the disproportionate resources available at the input or supply side of the biotrade system compared to resources available specifically in export promotion for the sector.

Some organisations found that to improve their effectiveness their offerings had to be refined and positioned in the meso level, while overcoming not only technical but also political barriers. In other instances, improving offerings will require the redesigning of specific services or making certain resources available.

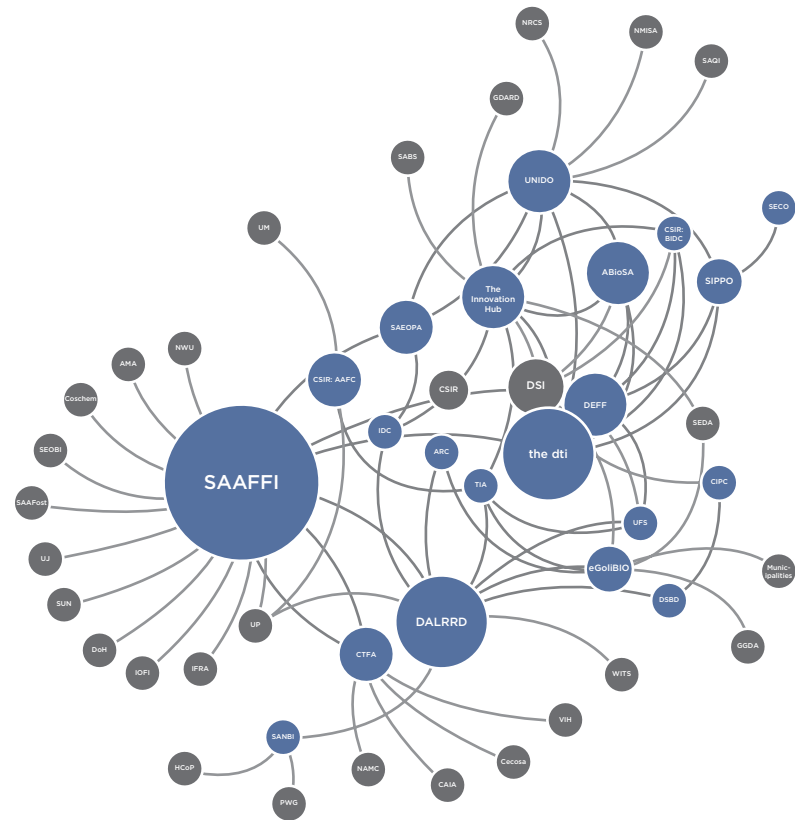
Lastly, there is a need for meso organisations as well as international development projects to not only be measured at their impact on the micro level where SMMEs create products, enter markets or create jobs, but they also have to include mechanisms to measure the resilience of the supporting meso organisation system.

### Recommended/Proposed next steps for the Biotrade Stakeholder Forum

The Forum participants should jointly design an action and implementation plan on how to use the information and data obtained during the mapping process to:

- Enable meso organisations to find synergies and collaborate to create and strengthen networks of blended support in addressing SMMEs challenges.
- Clearly define collaborative modalities of implementation such as resources, roles and responsibilities, objectives and timeframes. Of particular importance for the meso organisations would be to determine how to support the more innovative and trade-ready SMMEs to access new markets, open new value chains and add more scale to the system.
- Create a consistent process for BSOs to jointly conduct due diligence of SMMEs and monitoring and evaluation on these projects.

## Collaboration - Social Network Analysis



Meso level collaboration view

For this to happen, it would now be important for the meso organisations to consider the following:

- Map the biotrade/bioprospecting enterprises within the value chains, to obtain an understanding of the pipeline of SMMEs and what support they require at each stage of the growth curve of the enterprise and then map the meso level support available to each of those critical stages.
- Establish what the obstacles are for expanding, upgrading or innovating in different organisations.

The Biotrade Stakeholder Forum is currently very visible, and some organisations are already working closely together already. However, the forum is still led by the GIZ and UNIDO, with the agreed consent of the Department of Forestry, Fisheries and the Environment (DFFE) and the Department of Trade, Industry and Competition (the dtic). At the same time, the Bioproducts Advancement Network South Africa (BioPANZA) process foresees several clusters working on different topics that in part overlaps with the Stakeholder Forum.

The above-mentioned actions are vital to expedite the integration of the forum under the BioPANZA market access cluster to ensure sustainability and national ownership.



## About the partners

### International Cooperation Partner

The **Swiss State Secretariat for Economic Affairs (SECO)** is the federal government in Switzerland's centre of excellence for all core issues relating to economic and labour market policy. SECO's Economic Cooperation and Development division is responsible for the planning and implementation of economic cooperation and development activities with middle income developing countries, countries of Eastern Europe as well as new member states of the European Union (EU). It coordinates Switzerland's relations with the World Bank Group, the regional development banks and economic organisations of the United Nations. SECO is part of the Federal Department of Economic Affairs, Education and Research (EAER). Its mandate is to enable sustainable and inclusive economic growth. This creates opportunities and prospects for people in the partner countries and reduces global risks.

### Implementation partners

The **ABS compliant Biotrade in South(ern) Africa project (ABioSA)** is a project implemented under the umbrella of the Access and Benefit Sharing (ABS) Capacity Development Initiative; a multi-donor funded programme, funded by the Swiss State Secretariat for Economic Affairs (SECO) and implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. In collaboration with the Department of Forestry, Fisheries and the Environment (DFFE) and other regional governments, the project works with 12 biotrade value chains and plant species, including some which straddle national borders. The species were identified based on criteria including traditional knowledge, ecological sustainability, market demand, potential for value-adding and job creation, and the participation of Indigenous People and Local Communities (IPLCs) and Small Medium and Micro Enterprises (SMMEs). The project provides technical assistance, financial support and policy dialogues. One of its planned outputs is the development of sector development plans for selected species.

One of its sister projects is the **United Nations Industrial Development Organization (UNIDO) Global Quality and Standards Programme - South Africa (GQSP-SA)**. An innovative programmatic approach was developed by SECO and UNIDO to sustainably address the quality and standards compliance capacity challenges in 12 partner countries to facilitate market access for SMEs by working in emblematic value chains per country. The GQSP-SA, is being implemented in collaboration with the Department of Trade, Industry and Competition (the dtic). The project has been designed to strengthen the quality of essential and vegetable oils exports from South Africa by strengthening the national quality infrastructure institutions and service providers to offer quality, fit for purpose services required by SMEs to confirm the quality of the oils, and creating a culture of quality among all stakeholders to build the reputation of the quality of the oils produced. Ten of the plant species it focusses on are the same as those of the ABioSA project. GQSP-SA is also funded by SECO and implemented by UNIDO.

The **BioProducts Advancement Network South Africa (BioPANZA)** is a coordinating network between the Department of Forestry, Fisheries and the Environment (DFFE), the Department of Trade, Industry and Competition (the dtic) and the Department of Science and Innovation (DSI), which blends partnerships to optimise development and enhance growth in the South Africa biotrade and bioprospecting sector. It aims to coordinate and harness existing initiatives and plays a role in increasing the demand and local value addition of the country's indigenous biological resources. The BioPANZA has four clusters namely, finance, market access, sustainable supply and innovation. The BioPANZA market access cluster in particular promotes applied research, innovation and product development encourages the use and awareness of plant species used in the sector; and, supports the offering of quality natural and manufactured finished products to local, regional and international markets to create sustainable employment in South African communities.

## Biotrade sector

Biotrade is defined as the cultivation, harvesting, processing and trade of products from indigenous plant species for the development of novel food, cosmetic and phytopharmaceutical products for local and international markets. Biotrade is emerging as a significant industry which sustainably uses wild or cultivated natural resources for socio-economic development.



*Aloe ferox* (African Aloe)

This sector has the potential to enhance and conserve biodiversity, empower women, stimulate skills and technology development and build rural economies. It combines traditional knowledge of indigenous people with modern manufacturing and emerging market demands of consumer economies.

The biotrade sector in Southern Africa is robust and the participants in the value chain are required to obtain permits and to reach agreement on access and benefit sharing between those who harvest and supply the plant ingredients and those who hold the relevant traditional knowledge about indigenous species.





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