

Creating a biotrade sector organisation

Benefits from collaboration and cooperation



ABioSA GUIDE

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**environment, forestry
& fisheries**

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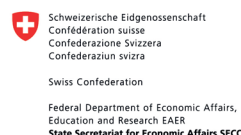
A glossary of biotrade terms can be found at www.abs-biotrade.info/resources

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Introduction

Industry sectors benefit from having a representative organisation. This ABioSA guide summarises issues that may be considered when establishing a new sector organisation. It uses the SA Rooibos Council as a case study.

Role of sector organisations

A sector organisation supports its members by identifying and meeting their common aims, needs and priorities. It promotes the sector and acts in the interests of members, taking account of the social, economic and regulatory environment in which they operate. A sector organisation should benefit both members and the wider sector. They are usually set up as a non-profit organisation.

Functions and benefits

A functional sector organisation provides many benefits, which increase as the sector consolidates and grows.

- It should be a **trusted voice** for members with common goals and challenges.
- It **represents members' interests**, identifies and responds to their challenges, and is a contact point for regulators, policy makers, development organisations, customers and other trade bodies seeking to engage with the sector.
- It engages with government to **promote an understanding of industry needs**, seek clarity on regulations, and advise on policies.
- A sector organisation has the **convening power** to bring together sector stakeholders and leverage their knowledge, skills and connections. It can help to steer the development of the sector, and identify and mitigate risks.
- A sector organisation can become a central **knowledge and information resource**. It can promote members' understanding of legislative and regulatory requirements and provide guidance and support with compliance; and help members stay up to date with trends, opportunities and regulations.
- It can conduct and **coordinate research and share results** with members, partners and customers; and develop tools, resources and information to support members.
- One of the key functions of a sector organisation is the creation and maintenance of **internal and external networks**. Companies within a sector are often competitors *and* collaborators, with common challenges and a mutual interest in the development of the sector. A sector organisation provides a structure within which members can work together and share information while protecting their own business interests.
- A sector organisation should **promote the sector** through generic marketing and communication campaigns.

Forming a sector organisation

The impetus to form an organisation may come from companies already active in the sector, or may be the initiative of an external enabling or coordinating meso-organisation which seeks to develop and support a sector and its participants.

Discussions and consultations should be conducted with all stakeholders in a transparent and inclusive manner, based on the principle that *'all who can be part, should be part'*. This is an opportunity to identify the vision, aims, needs and concerns of potential future members.

Transparency and inclusivity create a strong foundation for an organisation to be a trusted representative of members and their interests.

Understanding the sector

A process is required to understand the nature of the sector and its component parts. For example, an organisation which aims to represent the Marula industry should understand that the sector includes primary producers, processors, manufacturers, retailers, regulators and consumers; and may have different end-markets such as food, health and cosmetics.

Planning

After the consultation phase, a facilitated and inclusive strategic planning session is a good starting point for sector stakeholders interested in the formation of an organisation. Among items that may be included are:

- *Introductions* – giving participants the opportunity to explain who they are, what they do, and to outline their needs and reasons for participation.
- Agreement on what the planning session *aims* to achieve, and alignment of *expectations*.
- Analysis of sector *strengths, weaknesses, opportunities and threats*. This will guide discussions about the role and scope of a future organisation.
- Develop a *vision and a mission* statement.
- Identify *strategic objectives* for the organisation, aligned with member and sector needs.
- Draft *work packages* that will help to achieve the objectives, with an outline of skills, resources, systems and protocols required.
- Identify the *legal structure*, financial administration and governance requirements of the organisation, with professional advice where required.
- Determine future *costs*, as well as sources of revenue and a funding strategy.
- Consider start-up costs, including preparation of policies and procedures, membership recruitment, administration, marketing, branding etc.
- Identify *success factors and risks*.

After the planning session, a report should be shared with participants and other sector stakeholders for consultation and input. The report may include a draft implementation plan and timeline, and it may start to identify people and organisations willing to contribute to the legal, administrative, financial and governance requirements of the new organisation.

Governance, structure and management

The structure of a sector organisation, and how it is governed and managed, are important considerations and may be determined by the size and maturity of a sector, the number and type of members, and its role and activities.

The Institute of Directors' *King IV Report on Corporate Governance for South Africa* notes that good corporate governance contributes to the success of a non-profit organisation (NPO). It enhances the functioning of leadership structures and provides arrangements by which the governing body should govern the NPO to meet its strategic objectives.

In South Africa, organisations need to be registered with the Companies and Intellectual Property Commission (CIPC) and tax authorities. Additional registration with relevant government departments also helps to gain credibility and recognition, and may enable the organisation to contribute to policy and participate in incentive schemes.

The benefits derived from the good governance of an NPO include the following:

- Added **credibility** and enhanced **reputation**
- Increased **impact** of activities and advocacy through stronger stakeholder relationships and more effective operational processes
- Access to **funding**, grants and loans on better terms
- The ability to leverage a wider pool of **expertise** for employment and volunteer work
- Better **fraud prevention** due to improved controls
- Business continuity arrangements that enable the NPO to operate under conditions of volatility, and to **withstand and recover** from acute shocks
- **Leadership** continuity through succession planning

Development of work packages

Every sector will have different priorities. SARC, for example, is focused on research and dissemination of results, while the Buchu Association prioritises ABS and environmental protection. A new organisation needs to identify priorities aligned with its vision and member needs, and develop work packages to deliver against specific and measurable goals,

Membership

Membership of a sector organisation may be statutory or voluntary.

Statutory membership

Statutory membership is determined by the Marketing of Agricultural Products Act, and requires all members of a sector to be part of the organisation. This is not currently relevant to indigenous plant species regarded as biotrade.

Voluntary membership

The other option for membership is voluntary. This is the case with SARC and the Southern African Essential Oils Producers Association (SAEOPA), for example. Some organisations only provide information and services to registered members, while others enable some participation by non-members.

Building membership

In order to be representative and successful, a sector organisation requires a critical mass of sector stakeholders to participate. People and organisations will join if they share the organisation's vision and aims, if they see the benefits, and if they regard the organisation as efficient, well governed and providing useful services.

It is important to seek the early participation and membership of well-known and influential people and organisations, and for the sector organisation to be recognised by government agencies, regulators and other business organisations as a legitimate and representative voice of the sector.

Resources and funding

In addition to time invested on a volunteer basis by industry members, a sector organisation requires financial resources for start-up costs and an operating budget. Other costs may be legal and accounting services, marketing campaigns, engagement with regulators and environmental initiatives.

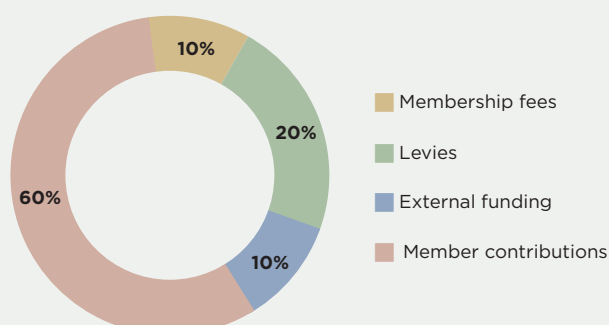
The following are some of the potential sources of income and funding.

Voluntary levies	Voluntary levies are determined by members of an organisation and usually based on volume produced.
Membership fees	Some organisations charge a set membership fee, usually paid annually. In some cases the fee is based on categories of membership, depending on the size of the organisation or their level of participation and benefits. Most sector organisations have a membership fee model combined with levies based on volume.
External funding	This can be through national government initiatives or international funding organisations who support sector development.
Member contributions	Not all sector organisations are able to generate levies, membership fees or external funding during their early stages, and may be dependent on direct voluntary contributions from members.

The financial structure and balance of income sources will differ according to the maturity of a sector, and how well established the organisation is. The scenarios below provide an illustration of how financial sources may change over time.

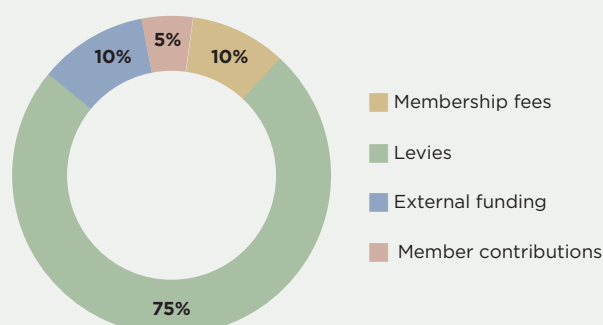
New organisation

- Limited resources
- Members are start-ups or small companies with limited sales and unable to contribute levies
- Members volunteer time and services to manage the organisation



Established organisation

- Larger pool of members able to contribute to levies and substantial membership fees in return for specific benefits
- Capacity to contract professional services and external management or administrative support



Branding and identity

A formal identity helps to present a sector organisation as a professional and recognisable organisation, and gives consistency to its communication and engagement with members and external stakeholders.

During the early stages this may consist only of a logo, document templates, email signatures, business cards and a corporate identity manual. Over time, the sector may develop and protect its own trademarks which identify and promote the unique and valuable characteristics of a species or range of products. For example, SA Olive has a seal that its members display on their products as proof of origin and a mark of quality.

Marketing and communication

Because engagement and promotion are among the key activities of a sector organisation, a formal communication function should be established at the beginning. An organisation should have at least a simple website, a short communication strategy and a messaging document.

Creating successful networks

Sector organisations do not operate in isolation, and will benefit from communication channels and working relationships within a sector and with other networks. Examples of networking opportunities include:

Network	Importance
Industry stakeholders who are not members of the organisation	Where membership is voluntary, some key sector stakeholders may choose not to join an organisation. Even if the organisation focuses on the interests of members, its activity will benefit non-members or require their support and collaboration, such as engaging with government on policy, or negotiating ABS agreements with communities.
Government	One of the key functions of any sector organisation is to stay informed of legislative and regulatory developments, and provide constructive input to ensure regulations are aligned with industry needs and implemented by its members. A good relationship with government is vital, and should be the responsibility of an individual or a team with appropriate skills and a mandate from the organisation and its members.
Academic institutions	Academic research can be very beneficial to members, particularly if a sector organisation is not yet able to fund its own research. Good relationships and clear communication of research priorities to academics, universities and research institutions can add considerable value to the development of a sector in a cost-effective manner.
Certification	Third-party certification has become increasingly important for access to export markets and may require operational adjustments from sectors stakeholders. It is important to identify and communicate with standards owners and certification bodies.
International partners	International development and funding partners have a long history of constructive engagement with the biotrade, with resources focused on sector development. It will be valuable for sector organisations to engage with these partners as sources of financial and technical support.

Establishing a sector organisation

These are some of the steps that may be followed. They are intended as a guide, and different sectors may choose their own process.



There are different options for the structure of a new sector organisation:

Scenario 1: Simple structure for a new organisation in an emerging sector



- Elected board (volunteers from the member base)
 - Responsible for strategy and governance
- Management committee (volunteers)
 - Implements strategy and delivers work packages, including admin functions
- One category of membership

Scenario 2: Potential structure for an organisation in a more mature or complex industry



- Elected board (volunteers from the member base)
 - With representatives from organisation sub-groups, e.g. harvesters, processors, traders, retailers, exporters
 - Responsible for strategy and governance
- Management committee (volunteers)
 - Implements strategy and delivers work packages, including admin functions
 - Potential for contracted/paid external administrative and management support
- Different categories of membership, benefits and fees

Size and representation

A sector organisation should be representative to be effective and to claim legitimacy. Representation can be based on a percentage of people and organisations active in the sector, or the volume of material and product produced by members. Most existing sector organisations try to represent 70% of volume.

An organisation should be clear about *who* it aims to represent, and whether it aims to cater for stakeholders across the entire value chain. For example, an organisation may be specifically set up to represent the interests of harvesters and processors, or may focus on manufacturing, product development, market access and export.

Activities determined by resources

The activities and operations of a sector organisation are generally determined by funding and resources available, as well as a sector's priorities. A well-resourced and established organisation in a mature sector may, for example, conduct its own research, contract an external secretariat and professional support services, and have specific teams working on membership services, marketing and communication etc.

A new organisation is more likely to be run by volunteers drawn from its membership, and may focus on a more limited range of priority activities.

Management

Depending on available resources, and the scope of activities, management of an organisation can either be by an appointed secretariat or by members, or a combination of the two.

Funding should be allocated for legal services for the initial registration of the organisation, and an accountant appointed for financial management.

The SA Rooibos Council, for example, employs an external secretariat for management functions, and the Buchu Association has a hybrid model with an external secretariat for some functions, and membership contributing to others.

In both models, there are dedicated board members with oversight of work packages.

Accountability and responsibility

Whether paid or voluntary, contributors to an organisation's board function, management or secretariat need to be committed, responsible and accountable. This requires strong consensual leadership that sets direction, keeps records of discussions and decisions, and monitors progress and delivery against tasks and objectives.

An organisation usually performs best when the team has a vested interest in the success of the sector, and includes stakeholders in the supply chain with direct experience of sector challenges.

An independent secretariat takes management pressure off members, and is a single accountable resource taking responsibility for membership administration, financial affairs, communication and marketing, and other core functions.

Confidentiality, competition and collaboration

One of the key roles of an internal or external secretariat is protecting the confidentiality of member data, and enabling collaboration for mutual benefit while taking account of natural competition between businesses. An external secretariat without a direct commercial stake in the sector is best placed to act neutrally and objectively in the interest of all members.



CASE STUDY: THE SOUTH AFRICAN ROOIBOS COUNCIL (SARC)



The Rooibos sector in South Africa currently produces about 20,000 tonnes per annum, with 300 commercial growers and 210 smallholder farmers, and customers in 48 countries.

The SA Rooibos Council (SARC) has supported the sustainable growth of the sector, with production volumes growing 60% since 2014, and exports by 17%. SARC provides a useful illustration of how a representative sector organisation was established, including its governance structures, aims and activities.

Origins and establishment

The SA Rooibos Council (SARC) was established in 2005 as a representative industry body, then reconstituted in 2014 as a voluntary organisation for processors, packers and branders. It was a response to the need to coordinate, promote and protect a growing sector.

SARC vision

SARC is an independent organisation, responsibly promoting Rooibos and its attributes to the consumer and protecting the interests of the Rooibos consumer and SARC stakeholders, supported by research and communication.

SARC mission

- SARC will use available resources to effectively and efficiently promote, grow and protect the Rooibos industry of South Africa for its stakeholders, locally and internationally
- SARC will support appropriate research and communication to promote the benefits of Rooibos
- SARC will respond to threats and crises in the Rooibos industry for its stakeholders and to protect the interest of consumers
- SARC will disseminate relevant information to enable consistent product quality and adequate supply

SARC activities

SARC's main focus is research into the health properties of Rooibos, and sharing information to profile the product and stimulate demand in national and export markets.

Another key SARC function is streamlining regulatory compliance, enabling stakeholders to develop the sector and grow their businesses.



SARC achievements

- Negotiation of Access and Benefit-Sharing agreement for the Rooibos industry.
- Sustained growth of a compliant sector.
- Securing EU Geographic Indicator status, so the description *Rooibos* or *Red Bush* can only be used for tea from the winter rainfall areas of the Western and Northern Cape provinces of South Africa.
- Development and implementation of a capacity building programme for smallholder Rooibos farmers.
- Successful international engagement, through SA embassies, on reduction of import taxes.
- SARC also secured a dedicated national Harmonized System (HS) code for Rooibos. HS is a standardised product description used in agreements under the World Trade Organisation. It will enable tracing of Rooibos wherever it is traded. SARC is now registering an international HS code.

The external secretariat of SARC has the following responsibilities:

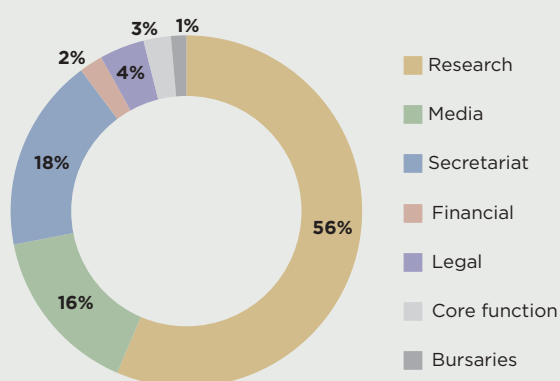
- Manages all portfolios
- Represents the industry during engagements with export markets, government, regulators, media etc.
- Community engagement
- Advises members on ABS and TK obligations
- Liaises between industry and government, consumers etc
- Legal, financial and membership administration
- Information management and communication
- Project and supplier management
- Strategic planning in consultation with the board
- Government relations
- Fundraising

SARC decided to focus on the work packages as indicated below. Details can be found in Appendix A.

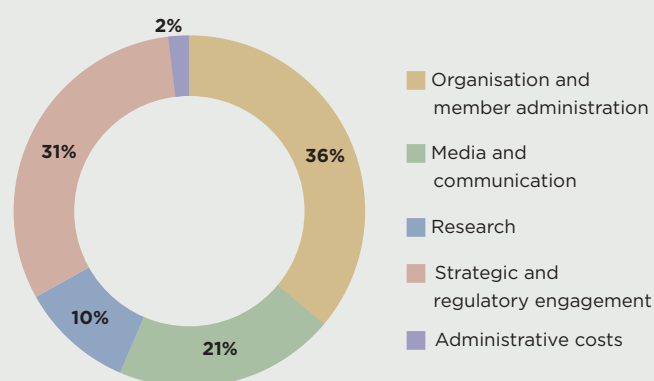


***Appropriate and realistic budgets and resources need to be allocated to each work package.
SARC's allocation of resources is presented as an example.***

SARC funding spending



SARC secretariat budget allocation



The Rooibos Council has developed a distinct identity

Appendix A: Overview of secretariat functions at the SA Rooibos Council

Strategic and regulatory engagement

Institutional liaison	Facilitate board input on regulatory documentation (dtic, DFFE, DALRRD) NEMBA Act, GI regulation, IKS Bill
Representation of SARC	Liaison with non-SARC members Conferences and meetings with government, development partners, communities, etc
TK & bioprospecting	Represent SARC on Bioprospecting Forum Analysis of bioprospecting legislation and other documents Liaison between government departments and SARC Board Attendance of meeting with DFFE and the Khoi and San Council Liaise with processors and support the permit application process

Organisation and member administration

Administrative and financial	<ul style="list-style-type: none"> • Custodian of SARC records • Liaise with members on levy collection • Supplier contracting and management • Capturing of financial data and upkeep of financial files • Liaise with the appointed accounting firm on levies and financial records
Members & Board liaison	<ul style="list-style-type: none"> • Management of prospective members • Board member liaison • Organisation and implementation of board meetings
Information management	<ul style="list-style-type: none"> • Rooibos export data • Internal documentation development • Strategy development • Meeting preparation • Handling enquiries from government and private sector • Repository information

Media and communication

Media	<ul style="list-style-type: none"> • Development of media and communication strategy in collaboration with appointed media and communications agency • Monitoring of agency service delivery • Facilitating board input to media releases • Handling or redirecting media enquiries • Facilitating response to current issues • Development of monthly media summaries
Management of info@sarooibos.co.za	<ul style="list-style-type: none"> • Responding to SARC emails
Website	<ul style="list-style-type: none"> • Website design, development and updates

Research

Research priorities and call for proposals	<ul style="list-style-type: none"> • Facilitating annual input into research priorities • Develop and manage call for proposals
Management of researchers	<ul style="list-style-type: none"> • Contracting • Progress reports • Release of funding
Dissemination of research results	<ul style="list-style-type: none"> • Compilation of research summaries • Communication to stakeholders