

# ABS Compliant Biotrade in South(ern) Africa

## Phase II proposal

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## 1 Executive summary

A government of a country cannot develop and attain **economic growth** in isolation of certain inputs. It requires a network of societal actors and components. It requires knowledge, skills and training; infrastructure and technology as well as various forms of capital; including financial, social, technological and natural capital. Economic growth and stability occur when all of these 'factors' are working optimally and cooperating as a network or system. The ability to problem-solve and innovate play a major role in the productiveness, competitiveness and effectiveness of such a system to ensure economic and developmental progress. The ability for a developing country and/or sector to export is incredibly important as it offers SMMEs many more markets for their goods, however it requires confidence and trust within international markets for traceability, quality, safety, consistency, etc.

***The second phase of the ABS Compliant Bio-trade in South(ern) Africa (ABioSA) project aims to support the development of a resilient economic, gender responsive, Access and Benefit Sharing (ABS) compliant southern African biotrade sector through a systemic competitiveness approach with all the relevant biotrade stakeholders/actors (micro, meso and macro level) to increase the market access for value-added natural ingredients and products where communities are included.*** Phase II will support (1) the fostering of SMME innovation and growth, (2) strengthening the sector through sector-wide initiatives and (3) stakeholder dialogue using knowledge products as a vehicle for problem solving. The systemic competitiveness approach of the project includes all relevant biotrade stakeholders/actors (micro, meso and macro level) to increase SMME market access for value-added natural ingredients and products where indigenous peoples and local communities are included.

Supporting the development of an effective and resilient sector certainly takes time, continuity and relentless effort. The total effectiveness of the sector is dependent upon the level of interaction and collaboration within the supply/value chain with worthwhile determined outcomes. The sector development plans (SDPs) and the ABioSA innovation fund that were supported during phase I of the project will be instrumental to contribute towards strategic economic goals of the 2<sup>nd</sup> project phase and establishing solutions for sustainable outcomes for the selected species' value chains.

Phase II is designed to increase the sustainability of activities and initiatives, one of these being the ABioSA innovation fund. It is planned to transfer the ABioSA innovation fund including its lessons learned, criteria, modus operandi, etc. to the Bio Products Advancement Network South Africa (BioPANZA) finance cluster in collaboration with the SA Indigenous Natural Products Fund (NIPF) manager. For further information on this see attached **Annexure A: BioPANZA clusters support**. Additionally, the mitigation to manage the risk if this preferred option does not realise has been addressed under section 5.9 Risk assessment/management.

## 2 Abbreviations

ABioSA	ABS Compliant Bio-trade in South(ern) Africa
ABS	Access and Benefit Sharing
AfCFTA	African Continental Free-Trade Agreement
ATM	African Traditional Medicine
BABS	Bioprospecting Access and Benefit-Sharing
BIA	Bio-Innovation Africa
BioPANZA	Bio Products Advancement Network South Africa
BSO	Business Support Organisations
CAM	Complementary and Alternative Medicines
CBD	Convention on Biological Diversity
DFFE	Department of Forestry, Fisheries and the Environment
DSBD	Department of Small Business Development
DSI	Department of Science and Innovation
FDS	Food and Dietary Supplements
GACP	Good Agricultural and Collection Practices
GHP	Good Harvesting Practice
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
GMP	Good Manufacturing Practices
GQSP	Global Quality and Standards Programme
HACCP	Hazard Analysis Critical Control Point
IKS	Indigenous Knowledge System
IPLC	Indigenous peoples and local communities
M&E	Monitoring and Evaluation
MRM	Monitoring and Results Measurement
NBES	National Biodiversity Economy Strategy
NBF	National Biodiversity Framework
NEMBA	National Environmental Management: Biodiversity Act
NIPF	Indigenous Natural Products Fund
PPP	Public Private Partnership
PSD	Private Sector Development
ROM	Results Oriented Monitoring
RIS	Re-imagined Industrial Strategy
SANBI	South African National Biodiversity Institute
SDG	Sustainable Development Goals
SDP	Sector Development Plan
SECO	Swiss State Secretariat for Economic Affairs
SEFA	Small Enterprise Finance Agency
SIPPO	Swiss Import Promotion Programme
SSAIP	Swiss-South African Intellectual Property Project
SMME	Small Micro and Medium Enterprises
The dtic	The department of trade, investment and competition
UEBT	Union of Ethical BioTrade
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organisation
VC	Value Chains

## 3 Context

### 3.1 International context

The Nagoya Protocol on access to genetic resources and the fair and equitable sharing of benefits arising from their utilization of the convention on biological diversity, is an international agreement. Also known as the Nagoya Protocol on **Access and Benefit Sharing (ABS)**, is a 2010 supplementary agreement to the 1992 **Convention on Biological Diversity (CBD)**. Its aim is the implementation of one of the three objectives of the CBD: the fair and equitable sharing of benefits arising out of the utilisation of genetic resources, thereby contributing to the conservation and sustainable use of biodiversity. South Africa became party to the CBD in 1995.

The wealth of biodiversity within a country is recognized as an opportunity to support national sustainable development goals. A well developed and functioning national legal, institutional and administrative ABS framework and other measures will enable fair and equitable sharing of benefits as a way to support local livelihoods, as well as providing business and job creation opportunities.

The 17 Sustainable Development Goals (SDGs) as guideline for sustainable development and the global blueprint to realise a world worth living in for all is seen as additional relevant context for the project. It addresses the interconnected challenges we face around poverty, inequality, climate, environmental-degradation, prosperity and peace and justice.

### 3.2 Regional context

In instances where genetic resources are found transboundary such as in the Southern African region, parties should in line with Article 11 of the Nagoya Protocol on ABS endeavour to cooperate as appropriate, with the involvement of indigenous and local communities concerned, where applicable, with a view to implementing the Protocol. Collaboration of African neighbouring countries to establish unified approaches and standards for transboundary value/supply chains when it comes to quality, traceability, consistency, and safety is a first and important step towards practical regional cooperation as envisioned by the **African Continental Free-Trade Agreement (AfCFTA)**.

Linked to economic development, South Africa is one of the 38 countries to have ratified the **AfCFTA**. The AfCFTA, refers to the grouping of countries in the continent, within which tariffs and non-tariff trade barriers between the members are generally abolished, but with no common trade policy toward non-members (i.e. the North American Free Trade Agreement, the EU, and the European Free Trade Association). The AfCFTA aims to reduce all trade costs and enable Africa to integrate further into global supply chains – it will eliminate 90% of tariffs, focus on outstanding non-tariff barriers, and create a single market with free movement of goods and services (WEF, 2021)

### 3.3 National policy context

ABioSA phase I has been implemented since February 2018 in close partnership with **the Department of Forestry, Fisheries and the Environment (DFFE)**. DFFE leads the South African government's approach to biotrade. This collaboration is strictly guided by the existing policy and legislation, such as the National Environmental Management: Biodiversity Act of 10/2004 (NEMBA); and the amended Bioprospecting Access and Benefit-Sharing (BABS) regulations which govern access to South Africa's indigenous plants and ensure communities benefit from their utilisation.

BABS defines biotrade as the buying and selling of milled, powdered, dried, sliced or extract of indigenous genetic and biological resources for further commercial exploitation. According to the market analysis that was conducted within the commercial bioprospecting market of South Africa in 2015 to determine the market size in preparation of the development of the South Africa's National Biodiversity Economy Strategy (NBES) in 2016, there is an 80 % growth potential to tap into. A lot of the value chains of interest are transboundary in the Southern African region.

NBES provides an excellent platform for the development and growth of the biotrade sector. The strategy sets out ten “Transformative Enabling Interventions” for the bioprospecting/biotrade sector:

1. Streamlining the regulatory environment
2. Optimise supporting institutional arrangements
3. Enhancing education, skills and capacity
4. Facilitating know-how, technology exchange and innovation
5. Improving access to finance and raising levels of investment
6. Increasing net exports and improving access to markets
7. Promoting participation and awareness
8. Enhance research and developments
9. An economic transformation initiative
10. Advocate the value of biodiversity in the bioprospecting/biotrade sector.

The NEMBA prescribes the National Biodiversity Framework (NBF). The purpose of the NBF is to coordinate and align the efforts of the many organisations and persons involved in the complex interplay between strategies. As a response, NBES led to the launch of the Bio Products Advancement Network South Africa (BioPANZA). BioPANZA was conceptualised during the Operation Phakisa-Biodiversity Economy Delivery Lab, which took place between April and May 2016. BioPANZA is a collaborative initiative between the **DFFE**, the **Department of Science and Innovation (DSI)** and the **Department of Trade, Industry and Competition (the dtic)**. It is mandated to ensure coordination, effective and efficient collaborations between various players/stakeholders in the sector in order to address a gap or developmental challenge to take South African value-added natural ingredients to the world. See **Annexure A** for further details

Additionally, in June 2019 the SA cabinet endorsed the **Re-imagined Industrial Strategy (RIS)**. The RIS re-emphasises the role of the state in changing the growth trajectory of the South African economy through supporting improved industrial performance, dynamism and competitiveness. A key pillar of the RIS is the development of masterplans, implemented under **the dtic**. Central to these masterplans is the strong social compact between government, industry and organised labour, where each social partner commits to implement concrete interventions to transform and build the economy.

Also, of importance within the national policy context the **Indigenous Knowledge Systems (IKS)** which has been a cross cutting theme of the 10 Year Plan of the DSI. Reaffirming its commitment to mainstream IKS in South Africa, the South African government envisages IKS as contributing towards sustainable economic development in the country and advancing its scientific competitive advantage. The Indigenous Knowledge (IK) Act was assented by the President on 13 August 2019; however, the Act will only come into operation on an unspecified date which is yet to be determined by the President and announced by proclamation in the Government Gazette.

The IK Act essentially will be to redress and bring indigenous knowledge into the mainstream and to address how indigenous communities could contribute and become part of the mainstream economy, using their own indigenous knowledge. The DSI is also the formal holder of the National Recordal System regarding indigenous species.

### 3.4 Sector Context

South Africa is the 3rd most biologically diverse country in the world, with over 21,000 plant species, many of them endemic. Together with neighbouring countries it is also host, to emerging biotrade value chains of economic importance. Additionally, a rich cultural heritage has resulted in many indigenous peoples and groups having valuable traditional knowledge associated to the uses of these plant species. These indigenous natural ingredients and/or products make it into markets such as:

1. Complementary and Alternative Medicines (CAMs)
2. Food and Dietary Supplements (FDS)

3. Functional Foods and Beverages (health claims, pre-market notifications)
4. Cosmetic Products (natural, organic, active ingredients, etc.)
5. Flavours and Fragrances
6. African Traditional Medicines (ATMs) –currently mostly in the informal domestic market

Destination markets for the South(ern) African biotrade sector include the northern and eastern countries that have high consumer uptake potential, provided that their supply chains comply with legislations centred on consumer safety in the provider countries. Additionally, global markets for natural and organic products continue to grow strongly and are underpinned by long-term consumer trends. Local markets for these products are also growing, creating the conditions/potential for a robust and growing biotrade sector.

However, it usually takes an enterprise in the biotrade economy between 5-10 years to enter a desired offshore market. The innovation potential coupled with the prospective of the South African biotrade sector to comprise global value chains are salient and need a multi-stakeholder partnership to unlock opportunities.

### **3.4.1 Problem statements/areas**

Within the framework of growth and development opportunities, the sector is faced with a number of challenges that constrain growth and market access. The 2<sup>nd</sup> phase of the project will continue to focus on those challenges requiring direct support as identified during phase I.

1. ABS and benefit-sharing regulations; understanding, application and securing the issuing of permits, transactional costs is seen as hurdle to economic development of the sector. Permitting is an essential (pre)-condition for the development of the sector and it is now considered as a bottleneck which call for a simplification of the national ABS framework or at minima to make them more user-friendly.
2. Although there are numerous public and business support stakeholders or so-called meso level institutions within the biotrade sector, they are fragmented and un-coordinated. This makes it difficult for biotrade SMME to understand where to receive relevant support relating to regulatory requirements and other needs.
3. Non-tariff barriers are multiplying, especially affecting emerging country' exports. Examples include plant health standards, food safety standards, environmental certification and other such export quality standards.
4. Laboratories and implementing agencies within Southern Africa require additional capacities to provide the required laboratory testing to Southern African SMMEs to comply with European Union (EU) regulations.
5. The biotrade sector is mostly unstructured, non-compliant and with an uncoordinated branding/market strategy and without a clear growth plan. Six Sector Development Plans (SDPs) have been developed during phase I of the ABioSA project for key biotrade species, however they would need to get permits and resources for their implementation.
6. Market demand does not just exist and should be created through increased confidence and trust with/in local and international markets by increasing sector-wide traceability, quality, safety, consistency, etc. In Southern African ingredients and products.
7. Limited value-addition in Southern African value chains due to the asymmetry of power within the selected value chains, especially in those with participation of IPLCs.
8. IPLCs remain at the low end of biotrade value chains often because they are poorly resourced and cannot engage with the industry effectively.
9. Start-up SMMEs and cooperatives in the biotrade sector are often very small and have limited skills and capacities for essential standards such as Good Harvesting Practice (GHP), Good Agricultural and Collection Practices (GACP), Good Manufacturing Practices (GMP) and Hazard Analysis Critical Control Point (HACCP), as well as financial management, business planning and are therefore not investment ready and without access markets.



### 3.4.2 SMME constraints

Specific limitation for SMMEs to respond to the above-mentioned problems within the sector are as follows:

1. Obtain information on market and industry trends, understand how to meet the requirements and turn this information into practical opportunities (both domestic and international),
2. Secure appropriate customers or enter value chains because of the challenges in providing reliable, standardised, safe and traceable ingredients and products that are at the right volume and quality,
3. Access markets due to their battle with complex and expensive non-tariff barriers,
4. Clearly define their competitive advantage in supplying SA's indigenous ingredients and products pertaining to design, branding, packing, intellectual property (IP) and labelling.


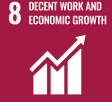




## 4 Description of the Project

### 4.1 Relevance of the project

Within the context described above, the ABioSA project maintains relevance at all levels further described below:

**International relevance:** The potential offered by Southern Africa's biological diversity has so far hardly been used to establish and expand international value chains that include benefit-sharing, particularly value chains for the production of high-quality food, flavour, cosmetic and nutraceutical ingredients and products. South African SMMEs struggle to respond to this global demand, ABioSA provides support to increase access to global, regional and local market value chains both on a SMME and sector level.

Additionally, ABioSA contributes towards the following SDG goals through both evidence-based results as well as through its outcomes with specific reference to the following SDG goals. Also note the direct link to the BioTrade Principles and Criteria further explained under section 5.5 Monitoring and Evaluation.

	<b>Target 5.A:</b> Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws.		<b>Target 8.3:</b> Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
	<b>Target 9.5:</b> Enhance scientific research, upgrade the technological capabilities of industrial sectors, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.		<b>Target 13.1:</b> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.
	<b>Main goal:</b> Protect, restore and sustainably manage use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss. Direct reference to target 15.6: Promote fair and equitable sharing of the benefits arising from the utilization of genetic resources and promote appropriate access to such resources, as internationally agreed.		<b>Main goal:</b> Strengthen the means of implementation and revitalize the global partnership for sustainable development.

**Regional relevance:** Many biological and genetic resources are found in more than one country, and value chains are often transboundary as was described above. As in phase I and based on the selected value chains, ABioSA will maintain its regional scope by offering support to SM(M)Es and BSOs in all SADC member states. During phase I 4 SMMEs from neighbouring countries (1 x Botswana, 2 x Zimbabwe and 1 x Zambia) were supported through technical capacity building and received financial support through the 2 rounds of calls for proposal. SMMEs and BSOs (incl. associations) from the region actively participated in the SDPs of biotrade value chains with a regional footprint, these being marula and baobab. Finally, the project will continue the process of preparing Southern African communities to understand, share and benefit from the use of their traditional knowledge and natural resources in this case of marula.

Finally, the potential impact of the AfCFTA shall be investigated in the context of market access, raw material provision to and from regional markets and opportunities to address non-tariff barriers as a region.

**National relevance:** ABioSA supports the achievement of key government targets as set out in the NBES including economic growth, transformation, and sustainability. Within this context the project also supports the prioritisation of DFFE top species identified for cultivation and sustainable harvesting.

ABioSA has been attempting to facilitate the improved collaboration between the DFFE and DSI, that will require continued support in phase II. It entails an understanding of the practical implementation of the two government departments' relevant regulations, the BABS and the IKS Act of 2019. With a better understanding of the synergies and probable overlaps the aim is to create dialogue with key sector stakeholders, DFFE and DSI, in order to identify efficient and effective recommendations for DFFE, DSI and private sector.

Instead of managing its own Innovation Fund, ABioSA is planning for phase II to continue its financial support to SMMEs through the (BioPANZA) finance cluster in collaboration with the designated SA Indigenous Natural Products Fund (NIPF) manager. **Annexure A** provides further information around this important initiative of DFFE, **the dtic** and DSI to establish a dedicated SMME financing mechanism for the biotrade sector. Additionally, ABioSA continues to support the BioPANZA Market Access Cluster taking also the other four clusters in consideration to ensure coordination, effective and efficient collaboration.

**Sector relevance:** The biotrade sector has proved to be rather resilient in the face of the COVID-19 pandemic and it reinforces the conviction that a continuation of ABioSA support is highly relevant. ABioSA works with selected biotrade value chains and plant species, including some which straddle national borders. These have been identified based on criteria including traditional knowledge, ecological sustainability, market demand, potential for value-adding and job creation, and the participation of IPLCs and SMMEs. The ABioSA programme focuses on high-impact value chains consisting of a cluster of 6 seed oils and 6 essential oils., of which six of these value chains with the most economic potential were selected to development sector plans.

It is within this context that the ABioSA team decided to steer the development of the SDPs (a key activity of phase I) within the same framework as that of **the dtic** masterplans. The SDPs are considered as important strategic documents with an important regional dimension. ABS value chains combine growth and regulate strategies that call for increased intergovernmental coordination and interactions between DFFE, **the dtic** and DSI. BioPANZA, as mentioned above, plays an important coordination role for government departments to unlock opportunities in the sector or in a specific value chain overall.

The project is designed in close alignment with other SECO sister projects such as Swiss Import Promotion Programme (SIPPO), United Nations Industrial Development Organisation (UNIDO) Global Quality and Standards Programme (GQSP-SA), Swiss-South African Intellectual Property Project (SSAIP), the German Federal Ministry for Economic Cooperation and Development (BMZ) funded project BioInnovation Africa and other related project under the Centre of Cooperation with Private Sector (CCPS) umbrella under which ABioSA is housed in GIZ SA, the Global Environment Facility (GEF 6) funded project called "Development of Value Chains for Products derived



from Genetic Resources in Compliance with the Nagoya Protocol on ABS and the NBES” executed by DFFE, the Agence Française de Développement (AFD) and other relevant donor programmes.

## 4.2 Results from previous phases and lessons learned

### 4.2.1 Findings from the external evaluation

The ABioSA Phase II will build on the foundation of results from the previous phase and lessons learned. According to the external evaluation early in 2021 the following was reported when asked to review if outputs will likely lead to outcomes.

**“Component 1** of the intervention is reported to have resulted in a broad delivery of benefits to the private sector. Moreover, SDPs will be instrumental to contribute to future benefits. The grant scheme implemented through **Component 2** is an innovative delivery mechanism to promote innovation and growth of the sector along with the promotion of ABS compliance as proposals from the private sector had to be ABS compliant or on the way to ABS compliance. This SMMEs’ support mechanism also draws on the communities and compliance with government regulations as well as mutual understanding of these regulations.

**Component 3** was probably too ambitious for an intervention like ABioSA and it was a bit candid to imagine that a project can just partner with a government and easily guide them towards making market-friendly regulations. However, the information flow generated by the project is feeding into many for example Southern Africa Essential Oils Processing Association (SAEOPA), Union for Ethical BioTrade (UEBT), BioPANZA etc. and this flow of exchange might have led to attitude changes towards ABS amongst stakeholders from both the industry and government institutions. Those changes are probably not measurable by the existing outcomes”

### 4.2.2 Direct results achieved

In support of the above findings the following activities have been delivered and achieved in the short term:

1. The ABioSA Innovation Fund facility was established, meeting the requirements of SMEs in the biotrade sector.
2. 16 Southern African SMMEs (12 in SA, 4 in region) received funding through the project’s Innovation Fund to access new markets, develop new products and increase capacities.
3. 21 Southern African SMMEs received training as part of the human capacity development programme.
4. 6 SDPs have been developed for the following biotrade value chains: *Aloe ferox*, honeybush, buchu, marula, baobab and an essential oil cluster with *Lippia javanica*, Cape chamomile and *Helichrysum*.
5. A number of knowledge products have been developed including market intelligence reports.
6. Support to SMMEs to respond to gaps identified for the EU cosmetics and Novel Food market access regulations has been provided.
7. Support to the BioPANZA market access cluster resulted in the development of SMME and BSO assessment tools.
8. Over the period of the ABioSA phase I, 13 joint ABioSA and UNIDO GQSP-SA biotrade stakeholder forum meetings were conducted – now focusing more on understanding and addressing the BSO support gaps of the industry.
9. A resource assessment and monitoring methodology workshop was hosted in collaboration with South African National Biodiversity Institute (SANBI) to better understand what is required to implement a national monitoring system for resource assessment.
10. IPLCs were engaged to start a sector wide understanding/approach towards BCPs for following species being marula, aloe ferox and buchu.
11. Important baseline data was obtained both on an SMME level as well as value chain specific baselines required to understand from which base growth and support occurs

### 4.2.3 ABioSA contribution to national targets

The module indicators resulting from the above-mentioned outputs directly contribute towards the national NBES targets being:

National NBES targets	ABioSA module Indicators
1. GDP contribution growth from R309 mil in 2013 to R1,7 billion in 2030	1. Increase of the annual trade volume of <b>USD 1 million by 2021</b> of sustainably produced biotrade products from South(ern) Africa is generated
2. Grow from 6 200 to 16 200 permanent jobs	2. Creating <b>50 new permanent jobs</b> and <b>1 000 new seasonal jobs</b> within ABS compliant value chains supported by the project.
3. Grow cultivation of natural ingredients by at least 500 hectares p/a	3. <b>This additional indicator</b> is being tracked by the project due to its importance for DFFE is new hectares under cultivation, the ABioSA project has captured <b>hectares</b> used for wild harvesting and cultivation.

**NOTE: The results of the detailed indicators reached through the project shall be reported and be available in final Phase I report.**

### 4.2.4 Lessons learned

1. For real change to occur in the industry and/or IPLCs, activities should be driven from these groups and not government; for example, during the development of the honeybush sector development plan a honeybush joint action group was established with the slogan “from the community for the community”. This group collaborates closely with the South African honeybush tea association as well as with the existing honeybush community of practice that consists mostly of public sector representatives.
2. IPLC such as cooperatives or outgrowers should be presented as supply/value chain actors and not beneficiaries. The business relationship is as important as the socio-economic and capacity support to ensure sustainability. In most of the government documentation this group is purely viewed as beneficiaries which results in a perception that the relationship is that of receiving not participating in the VC.
3. During the process of supporting the development of BCP's (comparable instruments) and negotiations it is important to manage expectation and change from the start for all parties involved.
4. Within the BSO environment to support SMMEs a single client view with streamlined due diligence process is needed, the cost to SMMEs to repeatedly provide the same information and go through the process of due diligence could be streamlined.
5. More than half of the project was implemented during the COVID-19 pandemic, during this time of administrative challenges the main lesson learnt was that the biotrade sector is resilient and responsive as the world's awareness of natural products and its properties grows.
6. Change takes time.
7. A lot of change required to take place is on a meta level where beliefs and mindsets need to change, e.g. how do we change the narrative of the perception of ABS, gender equality etc. within the sector?
8. In South Africa where there is already a challenge in terms of a wide variety of cultures and beliefs the importance of initiating dialogue on basis of trust and understanding is really important. Currently the “Bigger Picture” is seen through different filters by government and industry leading to different perceptions of for example the efficiency and inclusivity to the established permitting system. A “Team SA” mentality/approach with the focus on developing a collaborative master plan (similar to “Team Europe”) is needed.
9. The project should not only act as a conduit between government and industry and academia but also between different government departments.
10. It is important to clearly differentiate between the dissemination of information in the form of knowledge products and the actual brokering of that information through different channels and methods.

11. Within the framework of project implementation, flexibility and impact should be constantly reflected upon to review if some form of tweaking of actions should be considered to ensure the key objectives shall still be achieved.

## 4.3 Intervention logic

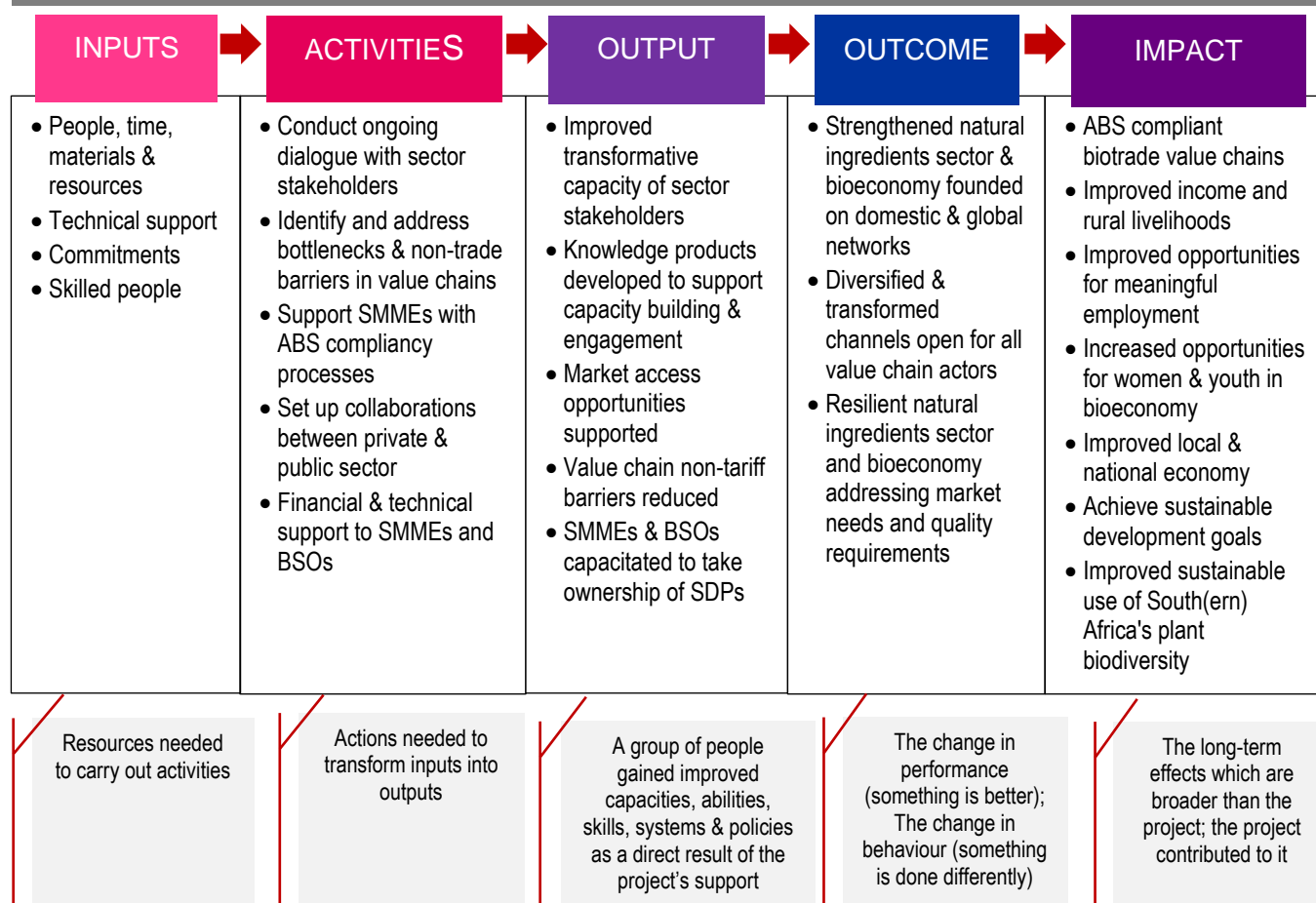
### 4.3.1 Theory of change

The purpose of the theory of change is to describe the assumption that certain actions will produce a desired change within a given context. This provides a firm foundation for developing indicators that capture the project elements that are important to measure. This intervention logic has been applied as basis for the development of the logframe. (see attached **Annexure B**)

The current draft articulation of the theory of change that underpins the project module objective is ***“Support the development of a resilient economic, gender responsive, ABS compliant southern African biotrade sector through a systemic competitiveness approach with all the relevant biotrade stakeholders/actors (micro, meso and macro level) to increase the market access for value-added natural ingredients and products where communities are included.***

The **activities** – to be further discussed under section 4.4 below – will focus on support to the south(ern) African gender responsive, compliant biotrade sector. Priority will be given to the value chains jointly identified and prioritised with DFFE and other stakeholders during phase I. The **outputs** - are aimed at addressing non-tariff barriers to market access throughout the value chain, enabling value chain actors (micro level), enablers (meso level) and regulator (macro level) representation and catalyse compliance to national ABS regulations reaching the following (**outputs**):

Abbreviated theory of change for the ABioSA phase II project populated into a results chain



- The NIPF is embedded and strengthened within the BioPANZA finance cluster with (SA entity as fund manager) in cooperation with the other BioPANZA clusters.
- The NIPF supports **10** ABS compliant SMEs to innovate, grow and access new/existing markets.
- **10** selected emerging ABS compliant SMMEs/start-ups (with interest to address ABS compliance) are supported with Good Manufacturing Practices (GMP), Good Agricultural and Collection Practices (GACP) and Hazard Analysis Critical Control Point (HACCP) based on ISO standards to successfully access existing/new markets.
- **3** targeted non-tariff barriers – identified in the SDPs focusing on a sector level/industry wide priority area (each) – are addressed in a way that enables multiple ABS compliant SMEs to access new global markets for key biotrade products.
- **3** selected BSOs (incl. laboratories) are supported by technical/financial assistance to address overarching biotrade sector priorities/EU regulatory gaps identified
- **3** selected IPLCs based on SDP process are supported with technical assistance to assert their participation in agreed biotrade value chains through a BCP or comparable instrument.
- **14** relevant tools, KP and processes developed as vehicle for stakeholder engagement.
- **13** relevant Southern African biotrade sector forums hosted or stakeholder dialogue.
- **3** relevant Southern African stakeholders as well as regional and international organisations' report on the relevance and implementation of the project KPs/Tools into their policies and practices.

These outputs enable multiple SMMEs to access new local, regional and global markets for key biotrade ingredients and products based on national and transboundary value chains with strong participation of IPLCs (**outcome**); and increase opportunities for meaningful employment with a focus on women and youth, increase the levels of improved income and rural livelihoods, improve local and national economy, achieving sustainable development goals and improve the sustainable use of South(ern) Africa's plant biodiversity with increased destination market confidence (**impact/module indicator**).

#### 4.3.2 Systemic competitiveness framework

Sectoral competitiveness and economic growth within the broader national system traditionally focused quite narrowly on a few determinants of economic performance. The systemic competitiveness framework developed by Esser, Hillebrand, Messner and Meyer-Stammer (1995) concentrates on four social and economic levels and the way in which they inter-relate. These are Micro, Meso, Macro and Meta levels. See **Annexure C.1** for further information around the framework that forms the basis of this proposal.

#### 4.3.3 Systemic Insight approach

The Systemic Insight approach was developed by Mesopartner with the aim to enable organisations and networks of stakeholders to search for solutions to improve the performance of complex systems or emergent networks and/or sectors. This instrument draws on cognitive science and complexity thinking as well as experiences in the design of participatory social and economic change initiatives such as social labs or cluster platforms. At the same time, Systemic Insight was designed to allow stakeholders to work with complex issues without having to know the theories and understand abstract complexity thinking.

ABioSA will use Systemic Insight to assist meso level institutions, also within the context of the BioPANZA cluster engagements to explore with stakeholders what is possible and what is influencing the behaviour of SMMEs to adopt, adapt and integrate ABS, innovation and conservation into their operations. See **Annexure C.2** for further information around the approach.

## 4.4 Project summary/phase II components

The table below summarises the project components based on the intervention logic further described thereafter. All the interventions and activities will be closely implemented with the relevant partners and stakeholders.

Components	Outcomes	Outputs (summarised)
<b>Component 1</b> Fostering southern African SMME innovation and growth with technical and financial support ( <i>micro-level</i> )	<b>Outcome 1</b> SMMEs use financial and/or technical assistance designed specifically for biotrade innovation, growth and market access opportunities whilst leveraging own and other resources/funding.	<ol style="list-style-type: none"> <li>1. Support the strengthening of the BioPANZA finance cluster and the NIPF manager to respond to SMME needs.</li> <li>2. Financial support to ABS compliant/investment ready southern African SMEs.</li> <li>3. Technical support to emerging southern African SMMEs.</li> </ol>
<b>Component 2</b> Strengthening the sector through sector-level technical and financial assistance ( <i>meso-level</i> )	<b>Outcome 2</b> SMMEs use BSO/Meso level institutions (incl. private and public laboratories) assistance designed specifically to support the value chain actors for the selected species.	<ol style="list-style-type: none"> <li>1. Support to organised sector/associations targeting non-tariff barriers.</li> <li>2. Technical/financial support to BSOs (incl. laboratories).</li> <li>3. Technical assistance to selected IPLCs.</li> </ol>
<b>Component 3</b> Developing and brokering of knowledge products, tools and processes as a <u>vehicle</u> for stakeholder engagement ( <i>micro-, meso- and macro-levels</i> )	<b>Outcome 3</b> Improved dialogue and stakeholder engagement to support the biotrade sector development in South Africa and the (sub-)region.	<ol style="list-style-type: none"> <li>1. Develop tools, knowledge products and processes as vehicle for stakeholder engagement</li> <li>2. Create relevant southern African biotrade sector platforms for stakeholder dialogue.</li> <li>3. Uptake of ABioSA KPs/tools into their policies and practices.</li> </ol>

Table 1: Project summary table

### 4.4.1 Component 1

**Fostering southern African ABS compliant SMME's innovation and growth through support offered to the BioPANZA finance cluster and the NIPF manager (micro level).** The aim is to foster SMMEs' (including start-ups and co-operatives) innovation and growth to improve reliability, safety, traceability and quality across the prioritised value chains (transboundary where relevant) with technical and financial assistance in coherence with (but independently of) partners and relevant BSOs based on the priorities identified during the SDPs.

Other than the various departments (the dtic and DSI) and BSOs already involved as part of the BioPANZA clusters, this component could also be a strategic opportunity to enter into a memorandum of understanding with **the dtic** and the Department of Agriculture, Land Reform and Rural Development (**DALRRD**) in the first contracting phase further described in detail under 5.2 Timeline section. Sections '3.3 National context' and '4.1 Project relevance' highlight that ABioSA decided to follow **the dtic** masterplan format for the SDPs and the project team expects that this will allow seamless engagement and integration with the relevant department's processes. Additionally, close collaboration with Swiss-South African Intellectual Property Project is envisioned during the development of the call for proposals to include intellectual property related issues SMMEs need to address.

**Outcome 1: SMMEs use financial and/or technical assistance designed specifically for biotrade innovation, growth and market access opportunities whilst leveraging own and other resources/funding.**

**Output 1.1:** Embed and strengthen the NIPF within the BioPANZA finance cluster with the NPIF fund manager in cooperation with the other BioPANZA clusters (with specific reference and support to the BioPANZA market access cluster already supported during phase I)

- The BioPANZA finance cluster governance and management structures, processes and procedures are strengthened,



(Identify and select the most relevant, cost-effective and accountable mode of delivery(s) which will include the NIPF manager)

- Lessons learned by the ABioSA's Biotrade Innovation Facility during phase I are transferred to the cluster and the SA fund manager around the targets/objectives and criteria, governance, focus areas, modus operandi, etc.
- Support the process to be in place for the BioPANZA finance cluster to work closely with the other clusters for referrals of their investment ready SMMEs to the finance cluster,
- The NIPF (manged under a SA fund manager mentioned above) secures funding from other public and/or private investors, demonstrating the dynamism of the market which should support the crowding in of other investors.

**Output 1.2:** NIPF facility is strengthened to support **10** ABS compliant SMEs to innovate, grow and access new/existing markets.

- Support up to **10** grant applications reviewed, selected through a process based on the ABioSA Innovation Facility process, and executed (funded by ABioSA through a grant agreement to the NPIF manager), of which 50% are women owned/led.
- Assess ABS compliance of these **10** selected SMEs to provide additional ABS handholding support in close collaboration with the BioInnovation Africa' (BIA) project and the DFFE permitting division to test their on-line ABS permitting platform.
- Review/monitor/evaluate the performance of the call and incorporate the learning into the system (link to Component 3).
- Further round(s) with improvements/modifications with up to **5** grants (funded by other investors contributing to the NIPF) executed, funds disbursed and used, new products, technologies and commercialisation reported, reviewed and evaluated

**Output 1.3:** **10** emerging SMMEs/start-ups (with interest to address ABS compliance) are supported with GMP, GACP and HACCP based on ISO standards to successfully access existing/new local markets. (Using a bended approach of capacity development and coaching and/or a network approach. One example of this could be the Hub and Aggregator approach (please refer to the **ABioSA case study**: Collaborative models for sustainable biotrade; outgrowers, hubs and aggregator model that can be accessed on the ABioSA [webpage](#)).

- Call for applications for up to **10** emerging SMMEs to provide technical support and coaching, of which 50% are women owned/led,
- Assess the ABS compliance of at least **5** selected SMMEs (with interest to address ABS compliance) and provide additional ABS handholding support, (Investigate running a competition to further support GMP certification etc. as a prize to participating SMMEs),
- Review/monitor/evaluate the progress made against the GMP/GAP & HACCP gap analysis tool (link to Component 3).
- **9 of the 10 emerging** SMMEs successfully complete the programme.

#### **4.4.2 Component 2**

**Technical and Financial assistance to strengthen the ABS supported value chain enablers (meso-level).** Strengthening the enabling environment within the biotrade sector through meso-level BSOs and initiatives, focused around prioritised South African and regional ABS compliant biodiversity-based value chains through technical and financial assistance based on the identified overarching SDP priorities. The intension is to strengthen the capacity of BSOs through technical & financial support<sup>1</sup>, for example based on the laboratories' analysis and

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<sup>1</sup> Financial support here is understood as entering into a grant agreement or local subsidy contract with one of the groupings described above more as a partner than a service provider based on a project proposal submitted to GIZ.

networks that ABioSA has established and supported in phase I. In line with GIZ procurement requirements, calls for expression of interest to meso-level organisations will be issued to respond to the gaps that were identified during phase I (e.g. non-tariff trade barriers, research on active ingredients of indigenous plant species, resource management, ABS requirements) through various initiatives such as the cosmetic gap analysis and the sector development plans. It may in some minor cases mean acquisition of equipment in which case the same principles will apply as agreed upon with SECO for equipment purchase and ownership for SMMEs in phase I<sup>2</sup>. A similar process shall be applied that was used for the SMME selection and approval process in phase I. For further information on the background and collaboration approach see **Annexure C.1**

The BSO service offerings are being further aligned through the support offered by ABioSA to the BioPANZA market access cluster. The intension is to align the meso level institutions/BSOs within the biotrade sector along the value chain to develop technical and non-technical support packages for SMMEs in the biotrade/bioprospecting sector based on market specific needs identified for:

- Value chain support needs to produce reliable, standardised, safe and traceable ingredients and products that are at the right volume and quality,
- Non-tariff barrier support to assist SMMEs to reduce the complexity and cost of market access.

This component is also a strategic opportunity to further establish and develop the engagement with neighbouring country political partners to enter into a MoU/MoA around transboundary resources based on the declaration of ethical conduct that has already been signed with a number of neighbouring countries in the 1<sup>st</sup> phase of the project.

**Outcome 2: SMMEs use BSO/Meso level institutions (incl. Private and Public Laboratories) assistance designed specifically to support the Value Chain actors for the selected species.**

**Output 2.1:** 3 organised sectors incl. cooperatives, hubs, aggregators and associations targeting non-tariff barriers and key areas identified in the SDPs (or comparable plans) in a way that enables multiple ABS compliant SMEs to access new markets for key biotrade products and ingredients

- Call for applications from organised sector/associations for grant agreements/local subsidies to be reviewed, selected, and executed based on SDPs or related plans through the GIZ procurement system,
- **3** associations/organised sectors address sector specific challenges,
- Review/monitor/evaluate the progress made against the SDPs (or comparable plans),
- Monitor/reflect/recommend – using the emergent insights for opening new opportunities (link to Component 3).

**Output 2.2:** Selected 3 BSOs (incl. Laboratories) are supported by technical/financial assistance to address sector-wide priorities and non-tariff trade barriers such as EU Novel Food approval identified (for further details see Annexure C.1)

- Call for applications from at least 3 BSOs (incl. laboratories) for grant agreements/LSs to be reviewed, selected/rejected, and executed based on identification of national laboratories and BSOs (Meso-level institutions) through the GIZ procurement process,
- New capabilities/technologies/processes introduced at the **3** BSOs (Meso-level institutions including laboratories).

**Output 2.3:** 3 Selected IPLCs based on SDP process are supported with technical assistance to assert their participation in agreed biotrade value chains through a Bio-cultural Community Protocols (BCPs) or comparable instrument.

(Communities have their BCPs, however further engagement with specific value chains is needed. The role of BCPs or related instruments and further mapping of the resources in relation to the communities could be a very specific stakeholder engagement & dialogue component addressed in component 3 below. A number of scenarios

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<sup>2</sup> Letters of SECO addressed to ABS Initiative management dated 20.12.2018 and 07.05.2019.



should be investigated around how BCPs could be supported as a sector wide good or public good (seen as support without it having any utility) as well as the need to see where the interfaces are between a community-based approach v/s resource-based approach).

- 3 Bio-cultural community protocols or comparable instruments related to ABioSA value chains have been developed,
- Strategies for 3 IPLCs to actively participate in the relevant value chains and their role in the SDP,
- Growing the capability of community engagement practices

#### 4.4.3 Component 3

***Stakeholder engagement and dialogue (across micro, meso, macro and meta levels)*** supporting the development and provision of knowledge products, tools and processes as a vehicle to improve the knowledge flows and brokering of information between national, regional and international stakeholders within the biotrade sector based on accurate and analysed data and information. Opportunities shall be perused to develop joint KPs with other key partners and stakeholders. The engagement between actors/stakeholders on all levels within the innovation system should be targeted through the development of relevant knowledge products addressing issues such as:

1. **Macro level:** policy and regulatory knowledge products, tools and instruments from the SMMEs' perspective
2. **Meso level:** knowledge products focusing on market access, market information, joint meso-level support to SMMEs
3. **Micro level:** knowledge products addressing challenges faced by SMMEs, such as quality, marketing, business management etc.
4. **Meta level:** developmental orientation and sectoral cohesion

It should be understood that information is plentiful within the biotrade sector but fragmented. Analysed and aggregated data are scarce. Products and services from numerous BSOs are uncoordinated and difficult for SMMEs to find. Decision makers both in the private and public biotrade sector suffer from information overload which leads to a reduction in decision quality. ABioSA is committed to provide accurate analysed data and information through this component activities to contribute towards encouraging informed problem solving.

The meta level aspect of looking at the cultural and underlying beliefs within a sector should be an aspect to address under this component such as investigating critical questions such as *“how we can change the narrative of compliance to ABS and how it assists businesses with their customers to do so?”* or *“How do we change the mindset around Benefit sharing and cross-cutting issues such as Gender mainstreaming”*.

This component aims to bring together the different stakeholders within the framework including industry, government, academia and civil society to create synergies between the different parties and to support the creation of an enabling environment for the biotrade natural products sector with the ultimate mission to yield economic growth and job creation including IPLCs within the sector.

This component could also be a strategic opportunity to develop a closer relationship with DSI, with the intension to enter into a MoU/MoA with the department in the first contracting phase further described in detail under 5.2 Timeline section. The project will closely observe and monitor the implementation of the AfCFTA and through its components to advise its stakeholders on the possibly changing framework conditions.

**Outcome 3: Improved dialogue and stakeholder engagement to support the biotrade sector development in South Africa and the (sub-) region.**

**Output 3.1: 14** Relevant tools, KP and processes developed based on key challenges or best practice identified in component 1 & 2 faced between various actors in the sector as vehicle for stakeholder engagement (including women specific groups).

(This component could play an important role in closer engagement with the DSI, international and national research institutes and universities).

- At least **10** knowledge products developed based on key challenges or best practice identified in component 1 and 2, faced between the various actors of the biotrade sector,
- At least **3** articles, case uses, learning labs etc. for PhDs on their relevant biotrade studies with the possibility of publishing the PhD's articles in the industry
- At least **1** of these knowledge products form the basis to present at international forums in collaboration with key partners

**Output 3.2:** 19 relevant southern African biotrade sector platforms created for stakeholder dialogue (specific provision made to include discussions on gender and profile the voices of women) in collaboration with other partners. (A number of international and local partners could be engaged to co-fund and support this component).

- **1** biotrade conference (in collaboration with partners) addressing key areas of importance (ABS/ compliance/regulations in target markets, market access information)
- **12** Biotrade stakeholder forums (both physical and virtual) in collaboration in a rotational manner with UNIDO GQSP to engage and inform BSOs
- Support the promotion of SA/Southern African products and biotrade sector in participation with **3** existing initiatives (incl. Proudly SA)
- Joint hosting with DFFE and other potential interested partners of **3** SME breakfasts to engage on KP and problem solving within the sector

**Output 3.3:** Relevant southern African stakeholders as well as regional and international organisations' report on the relevance and implementation of the project KPs/Tools into their policies and practices.

- At least **3** lessons learned, and best practices are taken up by relevant stakeholders
- Project webspace for dissemination of guidance documents/handouts are actively utilised and referenced

## 4.5 Beneficiaries

The project will support beneficiaries across the three levels of the systemic competitiveness framework as described above. Also, to note as further described in section 5.5 the project is not only striving for direct impacts but also contribute to systemic change. Systemic change often has a greater impact than direct assistance as even people and companies with no immediate contact with the project will benefit indirectly. In each of the below mentioned categories, there will be indirect beneficiaries impacted through systemic change:

**Micro:** SMMEs, Co-operatives, IPLCs

**Meso:** BSOs including associations, implementing agencies of government, laboratories etc.

**Macro:** Government departments and initiatives/programmes within government departments

## 5 Project modalities

### 5.1 Project implementation and management

Effective management will ensure the team to meet the project time, cost, quality, and development objectives. Project success is directly linked to the effectiveness of planning, monitoring, and control at each stage of the project phases further described under section 5.2, requiring a broad range of functional skills including communication, planning, financial management, procurement, risk and stakeholder management, monitoring, evaluation, quality and human resources management, among others.

During project phase I, GIZ management has been able to refine the implementation team to ensure the most optimal integration, implementation and management of the project activities. The approach allows to keep decision-making close to where the intervention is being implemented and where development is taking place.

Position	Based in	%	Main duties
<b>ABS Initiative Manager</b>	GIZ HQ, Eschborn	10%	Oversees project implementation ensuring alignment with ongoing support of the ABS Initiative to DFFE and full integration of the project into ABS Initiative governance and reporting.
<b>CCPS Programme Manager</b>	GIZ Country office, Pretoria	5%	Ensures a full integration of the project into the GIZ SA'an portfolio, rules and regulation.
<b>ABioSA Project Manager</b>	GIZ Country office, Pretoria	70%	<ul style="list-style-type: none"> <li>- Dependencies and interfaces between projects</li> <li>- Partner and steering engagements</li> <li>- Strategic planning &amp; tracking outcome indicators</li> <li>- Project level financial planning, reporting and adjustment</li> <li>- Contract, knowledge &amp; risk management</li> <li>- Staff management</li> </ul>
<b>ABioSA Senior Technical Advisor</b>	GIZ Country office, Pretoria	30%	<ul style="list-style-type: none"> <li>- Implementation of development of Knowledge Products</li> <li>- Responsible for output level activities with the advisor</li> <li>- Implementation support and coordination of service providers related to the KPs and CD implementation</li> <li>- Capacity development implementation, SME and IPLC support</li> <li>- Support the integration of gender within the project activities</li> </ul>
<b>ABioSA Advisor</b>	GIZ Country office, Pretoria	100%	<ul style="list-style-type: none"> <li>- ABioSA M&amp;E implementation support</li> <li>- Support the management of service providers' ToRs and monitoring of deadlines &amp; deviations (incl. LS)</li> <li>- Supporting the management of event planning and proceedings</li> <li>- Electronic filing and data updating</li> </ul>
<b>ABS Initiative Controller</b>	GIZ HQ, Eschborn	10%	Financial planning, monitoring and reporting
<b>CCPS shared administrative support staff</b>	GIZ Country office, Pretoria	20%	Contract management and additional support services

Table 2: Project team layout

## 5.2 Timeline and project phases

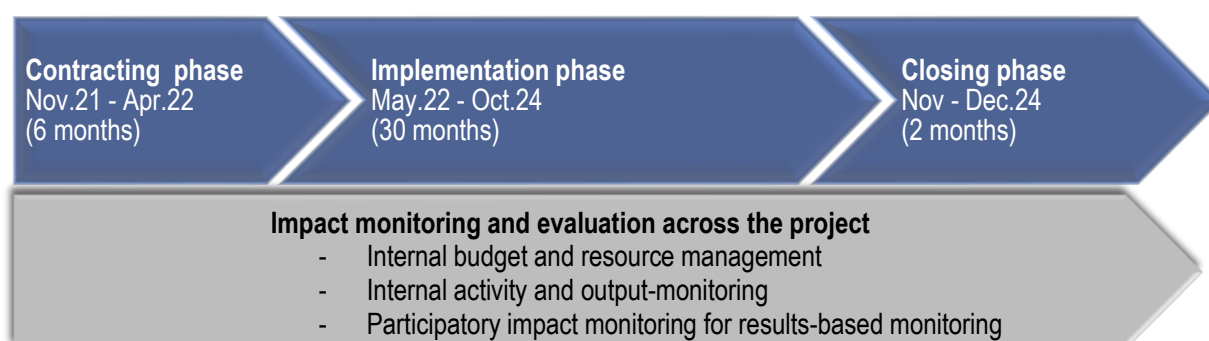


Figure 1: High-level project phase illustration

## Contracting phase:

The first six months of the project phase II will focus on establishing all long-term contracts required to ensure smooth implementation throughout project duration:

- Prioritise the tender and procurement processes of larger/longer term service provider contracts, calls for technical and/or funding proposals targeting individual SMMEs, industry and BSOs to accelerate implementation.
- The following aspects will form an intrinsic part of all tender processes:
  - A compulsory information session for all calls for proposals and tenders to ensure the critical areas of importance is presented and will be addressed.
  - Each call will require a proof-of-concept document in the form of a mini Theory of Change
  - Each call will require bidders to provide reference letters of previous clients/customers.
  - Ensure that each project/initiative/assignment includes a cyclical M&E that allows for a “**Quo Vadis**”<sup>3</sup> pause point (see section 5.5 M&E) to re-assess the direction and appropriateness of the initiatives’ direction.
- In collaboration with DFFE, establish memorandums of understanding (MoUs) with the respective government structures of neighbouring countries and with the other relevant South African government departments (see section 4.4: Component 1, 2 and 3 above). If successful it is anticipated that these MoUs will create/establish a stronger ownership with additional key political partners. For example, component 1 would be a strong basis for an agreement with **the dtic** and component 3 with the **DSI**. However, the risk remains that other government departments may not want to collaborate with the lead department due to the perception that it is furthering their mandate instead of their own.

**Implementation phase:** During the 30 months of implementation the project will deliver technical and financial assistance as well as stakeholder dialogue as described under the 3 components.

**Closing phase:** Finalising pending activities and contracts, establishing final narrative technical and financial reporting.

## 5.3 Project governance

The ABioSA project is integrated in the governance structure of the ABS Initiative (see **Annexure D** for further information). This entails the representation of SECO programme manager in Berne in the Regional Steering Committee for Africa of the ABS Initiative, and that relevant results, outcomes and impacts of the project are integrated into the yearly progress report to the Joint Steering Committee of the ABS Initiative composed of the three regional steering committees and reflected by the indicators of the ABS Initiative’s results framework.

Implementation of the ABioSA project is governed by the Project Steering Committee (PSC), see **Annexure E**: PSC rules and procedures. DFFE plays a dynamic role within the governance structure of ABioSA, with a transparent process supported by the presentation of detailed progress reports (mid-term and annual) with the ABioSA Project Manager serving as Secretariat. The project logframe and indicators are used to report on progress; expenditures against annual budget according to budget lines and by outcomes/components. Quarterly meetings are set up between SECO programme manager in Pretoria and the ABioSA Project Manager to review progress on the implementation of activities. In phase II, PSC meetings shall proceed with the schedule for mid-term and annual progress reviews.

**Mid-term PSC meeting:** Mid-term PSC meetings, restricted to the PSC members being GIZ, SECO and the DFFE, are convened to discuss progress and lessons learnt to date and/or approve urgent matters that need attention.

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<sup>3</sup> Where are you going?

**Annual PSC meeting:** Continues to take place split into a half-day stakeholder/observer consultation meeting to present contextual and technical aspects for discussion and input from the observers and a half-day PSC meeting where decisions are taken on issues brought to the attention of the members by the project team. The connection between stakeholders and PSC members through articulated consultation/steering meetings supports an inclusive, transparent, and smooth steering process. Ad hoc meetings could be called in the event that any risk has been identified that requires immediate attention.

## 5.4 Project partners and collaborators

Establishing a strong cooperation infrastructure, consisting of formalised and more informal collaboration relations, is essential for the success of the project. Based on phase I experience at the beginning of project implementation, different forms of collaboration agreements will be negotiated and built with different partners. The forms of collaboration can or might change over the implementation cycle.

As in phase I, ABioSA will still be executed through a **strategic partnership with the DFFE**, the DFFE/GIZ Programme Agreement was successfully signed framing the agreed partnership roles and responsibilities. However, closer linkages with additional departments as mentioned in section 4 and other collaborating partners are envisaged to amplify and scale up the outcomes. Many of the existing and potential collaborating partners fall within the meso-level environment that is elaborated in further detail under section 4.4.2 Component 2 and **Annexure C.1**. Additionally, ABioSA will also collaborate with sector specialists and technical assistance providers, who will be contracted in order to deliver on outputs.

The fundamental aspect of good collaboration is always good communication; therefore, we aim at an open, transparent and clear form of communication with the key partners, other strategic partners and stakeholders. By putting emphasis on practical communication, we intend to implement simple interactions. This practice will help to visualize our understanding and increase our transparency at operational project level, also for service providers.

An important aspect of the project is to strengthen cooperation structures between the stakeholders. Existing structures are the starting point; from where we will facilitate the acquisition of knowledge and try to narrow cooperation and communication gaps at the system level. **Annexure C.1** describes the process that was initiated by ABioSA and UNIDO GQSP-SA in mapping the meso-level stakeholders within the biotrade sector in close collaboration with the **DFFE** and **the dtic** with the aim to create a more synergistic public and business support/meso-level landscape for enterprises to manoeuvre. The section further described how the project intends to further support the BioPANZA clusters and within that context as well as the BSOs in order to respond to the needs of the SMMEs.

In this section specific mention is made of the other SECO funded sister projects and the BIA project also implemented by GIZ. Continuous engagement to reflect on synergies and potential overlaps between ABioSA and these projects are needed to ensure no duplication takes place and collaborative initiatives are identified. The section below provides the areas of collaboration and a summary table indicating the linkages between the various projects' components and outcomes.

The longstanding collaboration with **UNIDO GQSP** will continue focusing on jointly supporting the strengthening of SMEs to improve their quality and standards compliance as a critical aspect to access markets. Additionally, the collaboration to create broader awareness and collaboration amongst the stakeholders and BSOs.

UNIDO GQSP	ABioSA II
<b>C1</b> Strategic support to the industry for the development of national standards for the project-focus oils (quality and authenticity); support to SMEs to develop and implement relevant quality management systems; ongoing training of quality aspects	<b>C1</b> support SMEs' innovation and growth to improve reliability, safety, traceability and <u>quality</u> across the prioritised value chains (transboundary where relevant) with technical and financial assistance – look for linkages with the support already offered by GQSP

UNIDO GQSP	ABioSA II
<b>C2</b> The GQSP-SA focusses on essential and vegetable oil test laboratories conducting tests for the physical and chemical properties of the oils for compliance against ISO/IEC 17025 – Requirements for the competence of calibration and test laboratories	<b>C2</b> support the network of laboratories where <u>GQSP's focus is on laboratories conducting quality testing</u> and ABioSA focuses on laboratories conducting testing required for EU regulation under component 2.
<b>C3</b> Based on the long-standing collaboration to create a more synergistic public and business support/meso level landscape	<b>C3</b> The joint hosting of the biotrade stakeholder forum as one of the platforms under component 3 shall continue
<b>C3</b> When it comes to knowledge products, the GQSP-SA focusses specifically on standards, conformity assessment, accreditation and metrology as applicable to the industry; this includes the legal metrology requirements of the VC; also, classification, labelling and packaging requirements (does not include the design or branding aspects of packaging)	<b>C3</b> Investigate the joint development of <u>knowledge product(s)</u> focusing on quality

Collaboration with **SIPPO** will continue based on the successful jointly developed KP during the ABioSA phase I using existing SIPPO content to BSOs on “Trade Fair participation” and converting and amending it to SMMEs as audience. The collaboration will focus on ensuring that export ready SMEs are referred to the BSOs supported by SIPPO when it comes to export promotion services and market access activities. Further joint KPs could be considered to be pursued with the understanding that SIPPO is focusing on the capacity development of a selected number of BSO partners, focusing on the last mile and ABioSA is focusing on supporting SMMEs to access new markets. Discussions are also to explore the collaboration around the stakeholder platforms mentioned under component 3 which dovetails closely with SIPPOs component 2 focusing on coordination of sector & BSO events which include sector round tables.

The two projects could further explore collaboration on synergies and the possibility of focusing on species and products based on the organised sector/associations that will receive support according to the SDPs or related plans supported under ABioSA component 2.1. For example, in the event that the marula, baobab or honeybush sector is selected, the ABioSA/SIPPO collaboration could focus on exploring how to support export ready SMEs through the services provided by the SIPPO supported BSOs to promote their products and/or the sub-sector at large.

SIPPO	ABioSA II
<b>C2.1</b> Sharing export promotion knowledge and contacts - with Swiss cooperation projects with knowledge and tools on market access and trade promotion.	<b>C3</b> Joint development of KPs in collaboration with partners to address specific and relevant problem areas that have been identified.
<b>C2.2</b> Coordination for sector/BSO networking events e.g. Sector round tables (incl. creating awareness and enhancing environmental and social sustainability of products and services)	<b>C3</b> Explore the collaboration around stakeholder platforms mentioned under component 3 which dovetails closely with SIPPOs component 2.
<b>C2.3</b> Cooperation on market access activities Synergies on Level 3 require that SIPPO's BSO capacity development and export promotion system approach is considered and applied to ensure coherence of project implementation on the local country context. Therefore, SIPPO partner BSOs will remain at the centre to provide export promotion services (i.e. market access activities).	<b>C1</b> Closely collaborate with SIPPO to ensure the positioning of the BSOs supported by SIPPO as part of the BioPANZA market access cluster platform as well as the finance cluster. The collaboration will focus on ensuring that export ready SMEs are referred to the BSOs supported by SIPPO so that they benefit from the export promotion services and international market access activities offered by the BSOs.



Collaboration with **SSAIP** will focus on ensuring that SMMEs and BSOs are made aware for the services and support offered, there is an opportunity to include a section within the ABioSA call for proposals to request SMMEs to respond to their needs regarding IP (this could be patents, trademarks and/or branding) – by referring these to SSAIP, the support will compliment not duplicate SSAIP's.

SSAIP	ABioSA II
<b>C1</b> A web platform with free and easily accessible information on IPR is created	<b>C1</b> Bring SSAIP on board on the BioPANZA market access and finance clusters in order to link the web platform to be developed to the BioPANZA website that is intended to become the one-stop-shop for information for SMMEs and others.
<b>C2</b> The expertise of SEDA on IP advice for the members is strengthened through the development of manuals	<b>C3</b> Investigate the potential of developing a joint manual as knowledge product in order to focus the support towards to needs identified during the SDPs and the understanding of biotrade VC. This could be used as a vehicle for further stakeholder engagement.
<b>C4</b> GI producers better know about the economic benefits of use of GI labels for their products	<b>C1</b> Through the SDPs a process has already started with a number of the specie VC's to apply to the French CIRAD and AFD GI support fund. The associations are already actively pursuing this in collaboration with DALRRD. The SSAIP GI initiative should be linked to the already existing process to see if there are any further potential gaps that could be supported.
<b>D1</b> Improved negotiations skills for holders of IP assets	<b>C2</b> Investigate the collaboration to support IPLCs and SMMEs within the context of support offered as mentioned under component 2.3
<b>D3</b> Improved skills on managing IP portfolios/how to commercialize IPRs	

Collaboration with **BIA** will focus on support to SMMEs and BSOs on ABS compliance through the ABS handholding initiative in close collaboration with DFFE already started during phase I. DFFE requested the importance that both the ABioSA and BIA projects can demonstrate that SMMEs supported progress and improve their ABS compliance status. Additionally, the two projects will also further develop the capacity development and coaching support programme that has been developed.

BIA	ABioSA II
<b>C1</b> Support to local SMMEs in ABS negotiation and application process ("Handholding")	<b>C1</b> Close collaboration on the ABS handholding support offered to SMMEs
<b>C3</b> Market potentials of selected biodiversity-based value chains are being used, through an EU/SA partner approach	<b>C2</b> Collaboration on the shared specie VCs where ABioSA is focusing on a sector-wide approach
<b>C1</b> Actor-specific manuals (e.g. private sector, research, municipalities) explaining the national Access and Benefit Sharing (ABS) system and specifying tasks of participating institution	<b>C3</b> Joint development of KP especially around the ABS process.

## 5.5 Monitoring and Evaluation (M&E)

The logframe as basis of the results-oriented monitoring (ROM) system is based on the theory of change and is a visual tool to show what the project is doing, and what it would like to achieve. The different elements of the logframe clarify the logical thinking behind the project, by showing how inputs will be utilized to realise activities that will lead to outputs, outcomes, and eventually development impact/objective.

Using the systemic insight approach (See **Annexure C.2**); the ROM monitoring process will include a systematic assessment of the project's performance over time that will involve the ongoing collection and review of data on indicators of progress against the overall project objectives/impact. In order to put learning and adjustment (further



described in **Annexure C.2)** in the centre of the change initiative, monitoring and management functions need to be integrated to allow for decision making that is based on facts and current realities and needs.

The ongoing ROM of activities will be supplemented by an annual participatory evaluation with partners taking place at a particular point in time. With this **Quo Vadis approach**, more in-depth, objective assessments of the relevance, efficiency, effectiveness, impact and sustainability of the project at that specific point and time will become available for further guiding project implementation. *Quo Vadis* advises where changes need to be made (tweaking) to ensure that the process of achieving the overall project objectives/impact is within the scope of the project. In essence, *Quo Vadis* refers to the formative evaluations done during the life of the project with a focus on improvement. *Quo Vadis* is a time-bound check-in process to compare project reality with the theory of change. (it literally means let us stop and check where we are marching to and how are we going to get there).

During the inception phase of ABioSA project, it was established that baseline figures and data for the natural products sector do not exist. During the implementation phase under the function of M&E, valuable baseline data has been gathered both on an individual SMME level as well as on a sector-specific level through the SDP process.

ALIGNMENT: BIOTRADE PRINCIPLES & ABIOSA OBJECTIVES		
UNCTAD BIOTRADE PRINCIPLES		ABIOSA OBJECTIVES
Clusters in M&E framework		Aligned with:
1.	Conservation of biodiversity	<ul style="list-style-type: none"><li>• Convention on Biological Diversity (CBD)</li><li>• Sustainable use of South(ern) Africa's plant biodiversity</li></ul>
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"><li>• Contributes to livelihoods of rural people</li><li>• Supports sustainable development goals</li><li>• High-growth, jobs-rich, innovative biotrade sector compliant with national ABS regulations</li></ul>
5.	Compliance with national and international legislation	
Also covers the following BioTrade Principles:		
6.	Respect for the rights of actors involved in BioTrade activities	
7.	Clarity about land tenure, use and access to natural resources & knowledge	

The BioTrade Principles and Criteria developed by the BioTrade Initiative of the United Nations Conference on Trade and Development (UNCTAD) was used as basis. The 7 BioTrade principles were used closely aligned with the ABioSA project objectives as illustrated in the table above.

In general, SMMEs still remain reluctant to divulge their data, even when it comes to sector organisations which became apparent during the SDP process. The intention would be to further build on the data gathered to strengthen the basis from which to build and grow the sector. True to the systemic competitiveness approach described under **Annexure C.1** the ABioSA project is not only striving for direct impacts but also contributes to **systemic change**. Systemic change often has a greater impact than direct assistance as even people and companies with no immediate contact with the project will benefit indirectly. For example, a registration of marula as a novel food creates also European market access for SME's not being directly supported by the project. This substantiates the sector-wide support and assistance described in the phase II components.

As an external evaluation of the project was conducted during the first quarter 2021 along the OECD DAC criteria, confirming the relevance and value of the implementation approach an external evaluation is not planned for phase II continuing the approach chosen for phase I.

## 5.6 Procurement

Procurement of supplies and services shall be implemented according to the GIZ's internal rules and regulations for procurement and contracts, including national and international competitive bidding when relevant. The GIZ will

sub-contract external experts to deliver on project activities such as studies, knowledge projects, capacity development and coaching and other technical assignment to ensure the most economic and efficient delivery of the project. For procurement of supplies and services with a strategic relevance to the project, GIZ will work in close consultation with SECO to reach mutual agreement on the tender documents such as terms of reference (ToR) and the evaluation report, these ToRs shall be developed in consultation with DFFE.

## 5.7 Opportunities/Visibility

Effective communication is an essential component of successful development cooperation projects. Communication that is well planned and well-resourced will help to ensure visibility of the project, participation by the right stakeholders, and that opportunities are embraced. A dynamic and comprehensive communication, engagement, public relations and marketing methodology/strategy shall be developed as part of Component 3 (based on the strategy developed in Phase I) as soon as the relevant service provider has been appointed based on the project objectives and goals.

The aim of the strategy will be to improve the flow of the right information to the right people at the right time. It will describe how information is collected, curated and distributed; and how to streamline processes, reduce duplication and deliver high-quality content in a simple and appropriate format. The information shared could take on various forms such as training material, webinars, blogs, sector specific data, industry information, progress reports, case studies, briefs and other available tools defined as knowledge products within this proposal. We propose to use more digital and multimedia materials including short films, podcasts, presentations and high-quality photography. We will continue to develop a dynamic presence on the ABS Initiative website and will provide content to other sites including BioPANZA.

Key principles of the ABioSA communication, public relations, and marketing strategy are:

- Communication provides visibility for the project and its partners – based on clear aims, targeted deliverables, and an expression of results and impact,
- The ABioSA approach is aligned with the general strategic communication approach for the overall global ABS Initiative and the project partners; SECO, DFFE and GIZ
  - The approach takes into account other key partners such as UNIDO GQSP, SIPPO, IP project and BIA highlighting the commonalities while, at the same time, recognizing their differences,
- Communication promotes ABioSA's mandate, module objectives and indicators under the 3 main components, in the framework of the broader ABS Initiative communication strategy,
- Communication demonstrates the nature and intent of Swiss and SECO investment in Africa and the southern African biotrade sector, with an emphasis on development of sustainable and competitive economic environments and systems, through projects that can be scaled up and leveraged alongside other initiatives
- All information developed and communicated is concise, accurate, relevant, clear and timely,
- All information will be approved by the ABioSA Project Manager before distribution
  - Input and approval will be sought from the wider project team and its consultants during the process of development of marketing products
- Communication encourages active buy-in, participation and response
  - Requests for information and opportunities to participate
- Sharing of information is geared towards lowering transaction and coordination cost for participants within the biotrade sector
- Information supports and highlights the existing and future local/regional systems within the biotrade sector
- Strategic communication supports and complements all other project activities
- Communication through component 3 is a key tool of policy dialogue

### 5.7.1 Communication across all components

Communication is a cross-cutting activity across all project components. For example, in the component 1 & 2 it will help to position SECO investments in sector competitiveness and direct funding for SMMEs and BSOs.

In component 3, stakeholder engagement and dialogue will create visibility for the project and its funders/implementers, and communication will give the widest possible reach to knowledge products and other tools created by the project.

### 5.7.2 A new identity

A new ABioSA logo and identity are being developed for the second phase of ABioSA, enabling the project to be recognised as a distinct set of activities under the ABS Initiative, with funding from SECO and implementation from GIZ. *(Draft prototype logo still in process of being finalised to be revealed during the launch of Phase II)*



Figure 2: Final draft logo prototype

## 5.8 Risk assessment/management

One thing that the last year and a half have taught us through the global outbreak of the Corona virus is that there is an increasing importance of flexibility in risk management. Additionally, there is the realisation that risk and innovative problem solving/opportunities and even within the context of development cooperation sustainability measures are often two sides of the same coin. Risk management has been built into the design of phase II with the recognition that risk is unavoidable and therefore the management thereof is an ongoing process that requires intelligent, precautionary action plans.

1. The Systemic Insight approach mentioned in section 4.3.3 and **Annexure C.2** will allow project partners to assess identified risks and constraints to explore various scenarios or solutions to mitigate the risks as far as possible.
2. The **Quo Vadis**; time-bound check-in process to monitor whether risks that have been identified through the above-mentioned process have been dealt with to ensure project reality still reflects the theory of change.
3. Governance process relevant to manage risk, the 3 partners will be immediately engaged regarding risks that require responsive decision making.

Additionally, risks that were identified during the implementation of phase I have already been addressed as part of this proposal. Below are two examples:

- Having recognised that some of the larger contracts were not in place mid-way through phase I, the first 6 months of phase II have been allocated for this purpose to allow sufficient time for implementation and learning.
- The direct link of project indicators towards government policy amendments was identified as a risk due to the fact that in SA government does not allow international donor organisations to participate what is viewed as internal processes. Input can only be provided during the call for public comments. Recognising this risk, it was agreed that the direct link between the project indicators with the government's policy processes should be de-linked in phase II. Component 3, dealing with the development of knowledge products as a vehicle to get stakeholders to engage on issues such as policy amendments is a way to mitigate this risk.

The following additional risks have been identified and assessed to look out for during the implementation of phase II to be assessed during the 3 processes mentioned above.

		Impact			
		Acceptable Little or no effect	Tolerable Effects are felt but not critical	Unacceptable Serious risk to continuity	Intolerable Could result in a disaster
Likelihood	<b>Improbable</b> Risk unlikely to occur	1.Collaboration between public and private sector willing to participate on ABS cease		2.SMMs are not able to adhere to the requirements of the financing agreement	
	<b>Possible</b> Risk will likely occur		3.Political environment deteriorates.	4.A local public sector fund manager is not able to manage the NIPF.	
			5.Non-tariff barriers in target markets tighten to restrict new products from emerging markets.		
	<b>Probable</b> Risk will occur		6.Co-funding towards the BioPANZA clusters is not consistent.		

**Figure 3: Working document of risk matrix assessment that may change as more is learnt about the risk impact or likelihood based on feedback from other processes mentioned above.**

The following guiding questions assisted with finding a mitigating plan to deal with these risks and will also be used during the implementation period of the project to assess whether these risks have changed position on the matrix.

- How can mitigation measures be implemented into the project activities and processes?
- Is the plan clearly stated so that anyone can understand what action needs to be taken for each risk event?
- Is this action plan an appropriate level of response for this risk?

The current mitigation measures are projected to combat the risks identified:

Risk	Mitigation
1.Cease of collaboration between public and private sector willing to participate on ABS.	Address meta-level issues such as trust and collaboration to discuss differing views around ABS through component 3 in order to get public and private sector to come up with joint solutions.
2.SMMs are not able to adhere to the requirements of the financing agreement	Due diligence verification of SMMs and ensuring the "skin in the game" principle is applied will mitigate most of this risk
3.Political environment deteriorates, relationship between DFFE & DSI worsen.	Address areas where there is agreement between the 2 departments first in a collaborative approach and specify means of collaboration in the partner MoU/MoA
4. The governance structure and manager are not approved by the tri-chairmanship between DFFE, DSI and the dtic within the first 6 months of the project phase.	ABioSA shall revert back to managing the funds as Innovation Fund II based on the same criteria as the Innovation fund during ABioSA phase I.
5.Non-tariff EU barriers in target markets tighten to restrict new products from emerging markets.	Support is offered to regional SMMs to also respond to local and regional markets.
6.Co-funding through government departments towards the BioPANZA clusters is not consistent.	Investigate if the BioPANZA clusters could function as virtual/rotational coordinating structures where each department can maintain control over their own funds but still contribute

## 5.9 Impact & flexibility

In order to ensure the impact required for the project closely linked with the risk identified above it is believed that flexibility will be of the utmost importance when it comes to the approach presented in this proposal. It is believed that a phased approach presented under section 5.2 Timeline and project phases will allow for better management and ensure results.

## 6 Cross cutting issues

### 6.1 Sustainability

With reference to the risk section above the global COVID-19 pandemic that was identified as a major risk in the sector, however it also demonstrated considerable sustainability and resilience of the growing biotrade sector despite cashflow and transport (both freight and land) challenges. Significant opportunities arose from greater consumer awareness of the benefits of a strong immune system, which is likely to enhance trends towards nutrition based on the healing properties of plants. It is expected that the southern African biotrade sector will continue to grow as there is an increasing demand for natural products (oils, cosmetics, drinks and food) in the future.

Within the proposed project plan every effort is made to increase sustainability of the SECO funded interventions:

1. ABioSA attempts where possible to collaborate and jointly co-host/facilitate activities/workshops with national/regional partners to ensure ownership and traction of these activities.
2. With a view to ensure sustainability deliberate linkage of ABioSA indicators are made with national priorities such as NBES strategic targets, BioPANZA clusters, top 25 species for cultivation and 7 species for sustainable harvesting which ensures no parallel processes are started that cannot be sustained once the project comes to a close.
3. Growing own timber” for the industry by including post-graduate students in ToRs of consultants such as the food ingredient market access gap analysis and the development of sector plans will be taken one step further in phase II by identifying potential academic institutions as partners to support post graduate students to submit articles/case uses/learning labs etc. on their relevant bioprospecting/biotrade studies and will compete to be funded to present their findings to the sector and possibly internationally. Highly educated workers into the sector is important to develop a comparative advantage of future leaders and managers especially when it comes to sustainably implementing innovation and new technologies.
4. New knowledge and analyses of literature, information and data will be shared as a vehicle for engagement to come up with innovative local solutions.
5. Transferring lessons learnt, criteria, modus operandi, tools, templates and procedures applied during the phase I Biotrade Innovation Facility to the BioPANZA cluster, and the SA fund manager will strengthen the systemic framework in the form of the coordination role the BioPANZA finance cluster in collaboration with the other four clusters play within the sector.
  - Additional to the above-mentioned support, providing a grant to the SA NIPF manager to manage the financing agreement process to SMMEs instead of managing the process through the GIZ procurement process. This will ensure that the SA entity will gain experience in the ability to provide financial and technical support to SMMEs strengthening the sustainable enabling environment within SA
6. ABS handholding to SMMEs and support to relevant BSOs and government (in collaboration with the GIZ BioInnovation project), to respond to national and international ABS regulatory requirements. Supporting the South African ABS permitting process through government, BSOs and SMMEs will strengthen the ability of the system to sustainably respond to both national and international requirements.

### 6.2 Climate mitigation

The deterioration of our biodiversity across the world due to human activity is increasing the speed of climate change. What we do in the next few years will determine the fate of biodiversity, life within our country and on earth.

Stakeholders across the biotrade/bioprospecting value chains using indigenous natural products for medicinal, cosmetic, food, flavour, and nutraceutical purposes have a responsibility to contribute towards conservation and sustainable use which should lead to some extent to the mitigation of climate change. The reverse of the above-mentioned statement is also true that the existence of local communities and companies depend on these indigenous resources and are at risk because of climate change. Within the context of ABS, local communities are seen as the custodians of these indigenous resources within its natural habitat (excluding in the case of private and State-owned land). ABS aims to ensure distribution of benefits from economic activities of these resources. Solutions to mitigate climate change should therefore include all actors within the value chain and be addressed both in terms of the resource in the wild and in its cultivated state.

Solutions could include but should be further investigated in the first few months to be incorporated into the implementation processes of the three components:

- The use of cost effective and localised green technologies both high-tech and low-tech within the context of harvesting and cultivation for the different uses/processes per specie shown in you below table presented during the roundtable discussion – to reduce the carbon footprint.
- Climate smart agricultural methods/practices & techniques applied to both cultivated indigenous species and plants in the wild – to protect the balance within our biodiversity
- IPLCs' management adoptions, assisted by national institutions
- Applying a similar conscious utilisation of the resource as the “Leaf to Root” principle and therefore the importance of use as by-products indicated in the table above
- Sustainable resource assessment - to understand the health and status of our resource for further management
- Guide and support the creation of greater resilience to climate change for farmers and agri-businesses across the province.

### 6.3 Gender mainstreaming

Admittedly, in phase I ABioSA focused more on employment in local communities without a dedicated indicator to women even though women are well presented in the sector. Nonetheless, during the external evaluation many interviewees observed that SMMs at the beginning of the value chain level have very good representation of women. SAEOPA conducted a survey on women, from harvesters to managers dominate the essential oil industry – ‘From crops to cosmetics, women are driving the natural products industry – article on 11 Aug 2020 women-to-women webinar’, which was supported by the ABioSA, GQSP and SIPPO sister projects. At a management/ business ownership level, especially amongst little and young cosmetic companies, these companies are owned by young black women.

ABioSA has conducted a gender analysis earlier this year (**Annexure F: Gender Analysis report**), which highlighted the gendered nature of biodiversity activities, how gender is taken into account in policies, initiative and programmes in the sector and identify opportunities within the project for accelerating progress for biodiversity and gender inequality. The recommendations of the analysis have been applied within the log-frame on all three levels of the systemic competitiveness framework. The gender lens is seen as integral to enhancing the ability of partners and key stakeholders to respond appropriately to the different variables that affect men and women in the biodiversity value chains.

## **7 Annexures**

- A. BioPANZA clusters support
- B. Project log-frame
- C.1 Systemic competitiveness framework
- C.2 Systemic insight approach
- ~~C. ABS Initiative funding and co-funding contributions~~
- D. Project Steering Committee (PSC) rules and procedures
- ~~E. Gender Analysis report~~



## **Annexure A – BioPANZA cluster support**

### **Introduction**

The sustainability and national institutionalisation of all donor funded project activities is a constant management consideration to assess and weigh up over the various phases, against the readiness of the partner institutions and processes. The BioPANZA clusters within the framework of South African policy, legislation and implementation within the biotrade sector offers an opportunity to test it for this purpose. During phase I ABioSA already supported the BioPANZA market access cluster (MAC) with their response and coordination of market activities. The intension is the extend the support to the BioPANZA Finance Cluster in phase II. The relationship between the various clusters is also an aspect the keep in mind during the next phase. To better understand the background and aim specifically of these two clusters is the intension of this document.

### **Background**

South Africa is recognised as the 3<sup>rd</sup> most biologically diverse country based on the degree of endemic species and has a natural ingredient and product economy (Biotrade and Bioprospecting) with a growth potential of approximately 80 % (DEA, 2014). Furthermore, South Africa has a long history of its people using indigenous biodiversity for medicinal, cosmetic, food, flavour, and nutraceutical purposes. However, unemployment prevails across the country especially amongst youth which comprise just over 50 % of the country's population. Like the rest of the world, South African SMMEs are also drivers of growth whilst bearing the complexity of business survival. Business survival is further strained for SMMEs in the biotrade and bioprospecting sector due to the complexities of market access. Market access refers to the ability of an enterprise or country to sell goods and services within and across borders (Investopedia, 2020).

### *Potential markets*

The indigenous natural products make it into markets like:

7. Complementary and Alternative Medicines (CAMs)
8. Traditional Herbal Remedies (THMPD)
9. Food and dietary supplements (NDI)
10. Functional foods and beverages (health claims, pre-market notifications)
11. Cosmetic products (natural, organic, active ingredients, etc)
12. Flavours and fragrances
13. African Traditional Medicines (ATMs) – in the informal domestic market

### *Market access challenges*

Accessing these markets is a growing challenge for SMMEs in emerging economies of upper middle-income countries like South Africa. SMMEs interested in exporting clearly face an uphill battle when it comes to the barriers to greater market access having to deal with:

- Widespread specific tariffs discriminating against low-cost, low-volume and low-price suppliers,
- Falling commodity prices are a double curse: not only do exporters earn less foreign exchange, but they face higher effective market access barriers,
- Non-tariff barriers are multiplying, and especially affect emerging country' exports. (Examples include plant health standards, food safety standards, environmental certification and other such export quality standards)

Destination markets for the South African bioprospecting/biotrade sector include the northern and eastern countries that have high consumer uptake potential provided that the ingredient/product complies with the legislations centred on consumer safety. As a result, it usually takes an enterprise in the bioprospecting/biotrade economy between 5-10 years to enter a desired offshore market. The South African domestic market for biotrade and bioprospecting products is mostly informal, with significant efforts from various stakeholders in the sector to scale the sector nationally. The innovation potential coupled with the prospective of the South African biotrade and bioprospecting

sector to comprise global value chains are salient and need a multi-stakeholder partnership to unlock this opportunity.

The National Environmental Management Biodiversity Act (10/2004) prescribes the National Biodiversity Framework (NBF) as a requirement with the purpose to coordinate and align the efforts of the many organisations and persons involved in the complex interplay between strategies. One of the NBF's objectives is to recommend key interventions or accelerators to facilitate the Biodiversity Economic Strategy's implementation. These recommended measures include the expansion and strengthening of the National Biodiversity Economy Strategy (NBES)

One such mechanism provided in the NBES is the launch of the **Bio Products Advancement Network South Africa (BioPANZA)**. BioPANZA was conceptualised during Operation Phakisa-Biodiversity Economy Delivery Lab, which took place between April and May 2016. BioPANZA is a collaborative initiative between the Department of Forestry, Fisheries and the Environment (**DFFE**), the Department of Science and Innovation (**DSI**) and the Department of Trade, Industry and Competition (**the dtic**). The biotrade/bioprospecting sector players were represented as follows.

## Bioprospecting sector players

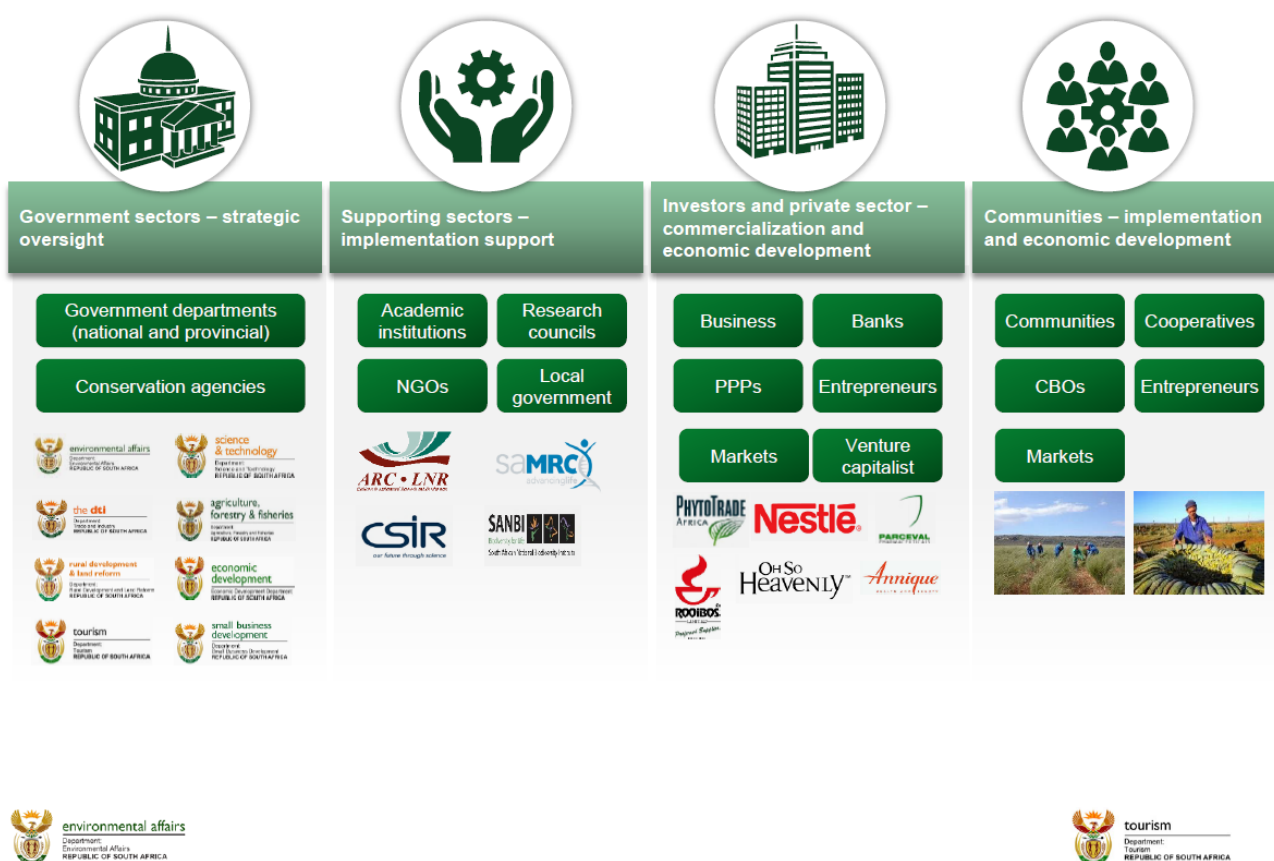


Illustration 1: Biotrade/bioprospecting sector players during Operation Phakisa-Biodiversity Economy Delivery Lab.

BioPANZA is mandated to ensure coordination, effective and efficient collaborations between various players in the sector in order to address a gap or developmental challenge to take South African value-added natural ingredients to the world.

This is to be achieved by:

- Promoting local innovation and product development including through business incubation and the establishment of local production facilities.
- Promoting access to financial assistance.
- Facilitating access to information (eg, relevant legislation, funding opportunities, research opportunities and market sector information).
- Promoting networking and organising events; and
- Providing trade and export information centres or platforms nationally or internationally.

The BioPANZA aims to achieve this through its five clusters namely,

1. Policy and legislation,
2. Finance,
3. Innovation,
4. Sustainable supply and
5. Market access.

Coordination and cohesion between these clusters are crucial to ensure sustainable efficient support to the biotrade and bioprospecting sector.

#### **Engagement between the BioPANZA clusters**

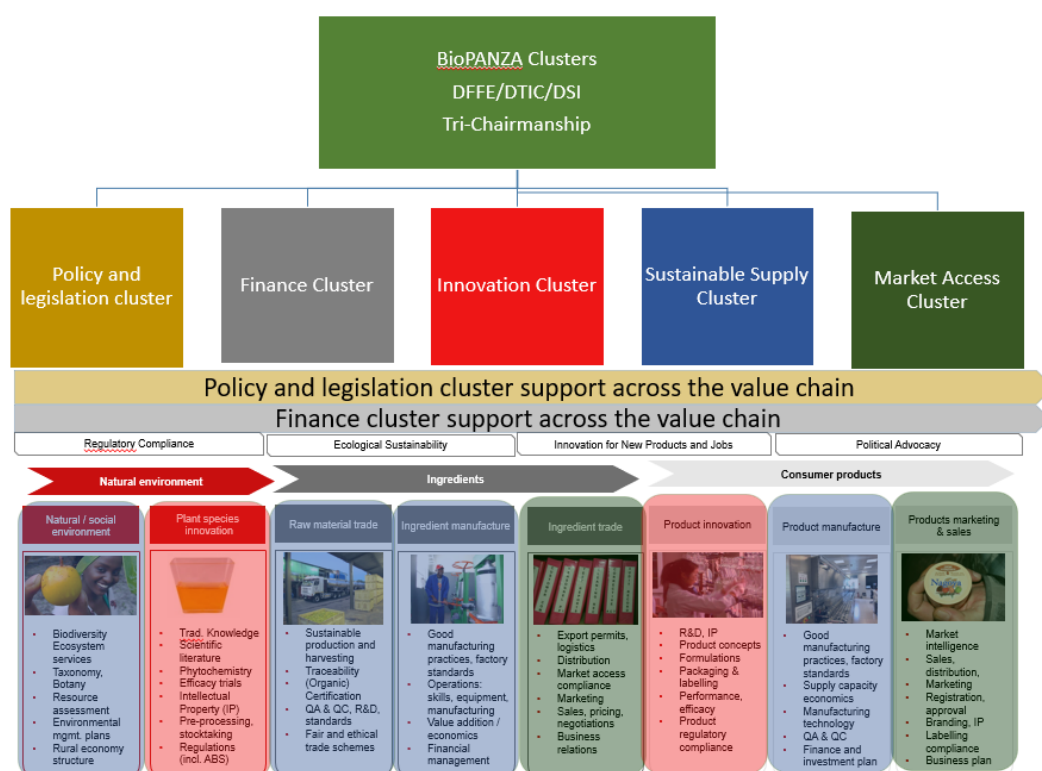
Technical and non-technical support initiatives to SMMEs in the biotrade sector are numerous and fragmented in terms of value chain development, business development and market access.

The ABioSA project in collaboration with UNIDO GQSP-SA initiated the Biotrade Stakeholder forum with the initial aim to create an understanding of the roles and responsibilities of each of the government departments and other institutions/organisations supporting the biotrade sector.

Over the period of October 2019 to February 2020 a stakeholder mapping process was conducted to get a better understanding of the expectations that the different supporting organisations had of each other. It facilitated the process of starting to understand what the resources, focus areas, priorities and requirements for each of the organisations are in respect to specific support to biotrade SMMEs.

The BioPANZA SMME Platform being developed between the five BioPANZA clusters should integrate support to SMMEs along the biotrade/bioprospecting value chains. Similar to the support offered by the ABioSA project taking into account the focus on high-impact value chains consisting of a cluster of six seed oils and six essential oils, these BioPANZA value chains have been aligned with the South African national top species identified for cultivation and sustainable harvesting.

The support is looking at a fluent systemic coordinated approach with clear, mutually agreed guidelines between the sector's meso segment support organisations, with each party using their expertise in a complementary way. In other words, the platform should be organised by having the relevant representation to consider the sequential offerings needed by the BSOs organised under the five BioPANZA clusters under the tri-chairmanship of DEFF, DSI and **the dtic**.



**Illustration 2: Where and how the 5 BioPANZA clusters can support the sector along the biotrade value chains.**

### BioPANZA market access cluster

The ABioSA project during phase I has been actively supporting the **BioPANZA market access cluster (MAC)** in line with its objectives, project components and outcomes within the context of the other four clusters to ensure coordination, effective and efficient collaboration between the various players in the sector involved in domestic and international market access initiatives.

Below summarises the key goals and objectives the project supported and implemented through a contract with a consortium of agroecology specialists, organisational psychologists, market information experts, communication strategists and in collaboration with the other MAC members.

Goal	Objective
1.Cluster goals and objectives are implemented, monitored and communicated	Establish a market access cluster reference group and project management team (PMT) by <b>March 2021</b>
2. Accurate biotrade market information available and shared	Develop a database of communication/knowledge products and references on market and industry trends per destination markets by <b>May 2021</b>
3.SMME Market Access support packages developed and piloted	Develop and pilot market access support packages based on existing market access initiatives by <b>July 2021</b>
4.Generic competitive advantage of SA'an indigenous products defined	Promote and support the story of South African indigenous ingredients and products <b>over the period of the project</b> .

\*A more detailed report on the successful outcomes of this support initiative can be provided.

As part of the achieving these goals but with specific reference to goal four it was recognised that DFFE experienced difficulties to set up the BioPANZA website as basis for communication and engagement with all biotrade stakeholders since early 2020, ABioSA provided the final technical support and required content to ensure the website will be launched mid of September 2021.

### BioPANZA finance cluster

Discussions are underway with the **BioPANZA finance cluster** to conceptualise the support measures under component 1 where this cluster will play an important role to ensure sustainability of the ABioSA phase I financial support that is offered to SMMEs in the 1<sup>st</sup> phase. To date the Project Management Team (PMT) of the BioPANZA finance cluster has already established the **Indigenous Natural Products Fund (NIPF** – the name is still to be finalised) that was endorsed by the Directors-General of the **DSI**, **the dtic** and **DFFE**. The NIPF aims to leverage funding for commercialization and technical assistance to SMMEs in the indigenous natural products sector. Funding was successfully leveraged from various government departments and implementing agencies, but due to the COVID crisis most of this funding was withdrawn in order to support SMMEs during the pandemic. Subsequently, the PMT has raised R21,5 million (R20 million from the Sector-specific Innovation Fund of the DSI and R1,5 million from the Technology Innovation Agency) to use for a pilot which ABioSA intends to participate in.

To take things forward, relevant actors in the sector suggest broadening the call to also include private funding partners. The intention is to identify an entity/institution that will manage the NIPF and will be tasked with the roles and responsibilities of leveraging, managing and implementing the fund under the supervision of a Project Steering Committee (PSC). Most of the members of the BioPANZA finance cluster will most likely be elected to form part of the PSC. The challenge is to select the most suitable, reliable and cost-efficient NIPF manager.

To date the Industrial Development Cooperation (IDC) has been engaged as interim NIPF manager. However, due to the high management cost the PMT recognised that this will not be a sustainable model. For the time being the IDC has committed to manage the fund without charging a management fee until a more cost-efficient fund manager has been identified.

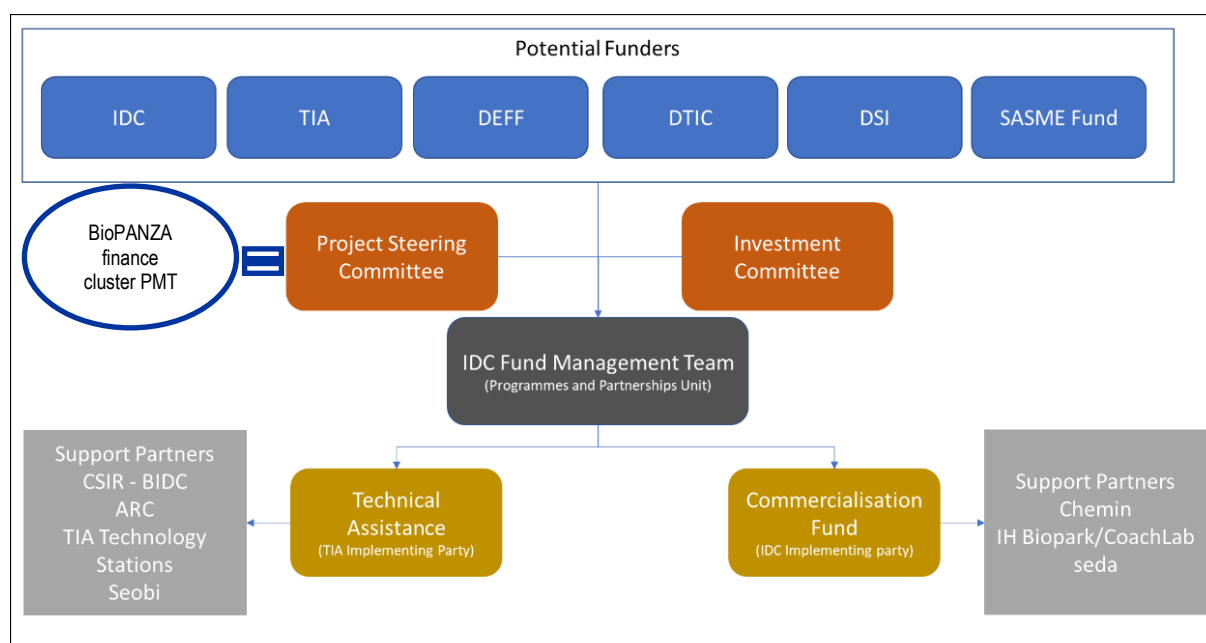


Figure 1: Proposed NIPF governance structure

If the NIPF governance structure has not yet been finalised and approved within the first 6 months of the project, a risk management report shall be presented to the ABioSA PSC to make the call if the intended funds as described under Output 1.2 below should be managed by the interim NIPF manager or in parallel as the ABioSA phase II Innovation Fund managed by GIZ in line with the criteria established for the Innovation Fund of ABioSA phase I.

### Other BioPANZA cluster support

In order to successfully develop the SMME platform illustrated in illustration two, the ABioSA team foresees some facilitation and coordination support needed to fully realise the linkages and synergies between the different clusters through workshops, forums etc.

## Annexure B – Indicative Logframe

ABioSA Phase II Logframe/Results Matrix
Phase II timeframe: 01/11/21 - 31/12/24
<p><b>ABioSA MODULE OBJECTIVE:</b></p> <p>To support the development of a resilient economic, gender responsive, Access and Benefit Sharing (ABS) compliant southern African biotrade sector through a systemic competitiveness approach with all the relevant biotrade stakeholders/actors (micro, meso and macro level) to increase the market access for value-added natural ingredients and products where communities are included.</p>
Module Indicators
<ol style="list-style-type: none"> <li>1. Increased confidence in the South(ern) African ABS compliant value chains by EU markets for traceability, quality, safety, consistency etc. by <b>2</b> confidence points on a scale from 1 - 10 (NB: indicator is to be refined after the baseline has been established)</li> <li>2. <b>19</b> ABS compliant SMMEs access existing/new local and global markets with new products of which <b>50%</b> SMMEs are women owned/led</li> <li>3. Creating <b>150</b> new permanent and <b>1500</b> new seasonal jobs (higher income/improved employment &amp; new jobs) of which <b>50%</b> jobs are women</li> <li>4. Increase of the annual trade volume of <b>USD 1 million by end of 2024</b> of sustainably produced biotrade products from South(ern) Africa is generated</li> </ol>
Means of external verification/evaluation
Project M&E reports (baseline, mid-term and end reports), industry data, regulator records
External Factors (Assumptions/Risks)
Political environment does not deteriorate, positive understanding with regulator continues to be conducive and constictive, continued buy-in from industry

Component 1									
Financial and technical assistance to South(ern) African ABS compliant SMMEs through the Innovation Fund (MICRO LEVEL)									
Intervention Approach									
Providing financial and technical assistance to SMMEs									
External Factors (Assumptions/Risks)									
Co-funding through government departments are in place and are bureaucratically workable, private sector remain attracted to scheme									
Outcome 1	Outcome indicators		Means of verification	Output	Output indicators		Means of verification	Timeframe	
SMMEs use financial and/or technical assistance designed specifically for biotrade innovation, growth and market access opportunities whilst leveraging own and other resources/funding.	1.1	An embeded/sustainable facility is established which is meeting the requirements of SMMEs in the biotrade sector	Facility reports tabling successful implementation of funds disbursed and tracked	1.1	Embed and strengthen the Natural Ingedient Product Facility (NIPF) within the BioPANZA finance cluster with the NPIF fund manager in cooperation with the other BioPANZA clusters	1.1.1	The BioPANZA finance cluster governance and management structures, processes and procedures are strengthened	Meeting minutes and reports, facility design documents, ToRs, captured processes and procedures documents	Nov'21 - Apr'22
						1.1.2	Lessons learned by the ABioSA's Biotrade Innovation Facility during phase I are transferred to the cluster and the SA fund manager around the targets/objectives and criteria, governance, focus areas, modus operandi, etc.	ABioSA facility documents, minutes/notes/recordings of finance cluster and other meetings, comparison documents, gap analysis etc.	May'22 - Sept'22
						1.1.3	Support the process to be in place for the BioPANZA finance cluster to work closely with the other clusters for referrals of their investment ready SMMEs to the finance cluster	Minutes, agreements, joint cluster processes and procedure documents etc.	
						1.1.4	The NIPF secures further funding from other public/private investors,demonstrating the dynamism of the market which should support the crowding in of other investors.	Minutes and NIPF reports indicating investments	
	1.2	10 new export ready SMEs in the southern African biotrade sector access new/existing markets (targeting 7 in SA, 3 in region)	Project reports tabling non-confidential information on innovations, press releases, marketing materials of SMEs	1.2	NIPF facility is strengthened to support 10 ABS compliant SMEs to innovate, grow and access new/existing markets.	1.2.1	Pilot a round of up to 10 grant/subsidy applications reviewed, selected, and executed (funded by ABioSA through the NPIF manager), of which 50% is women owned/led	Facility report(s) including financial and technical summary reports and spreadsheets	May'22 - Jul'24
						1.2.2	Assess the ABS compliance of these 10 selected SMEs and provide additional ABS handholding support (sustainable use)	Assessment and progress reports, evidance of registered permits	
						1.2.3	Review/monitor/evaluate the performance of the call and incorporate the learning into the system	Evaluation report including M&E data from participating SMEs (baseline, mid-term and end reports), Summary spread sheets	
						1.2.4	Further round(s) with improvements/ modifications with up to 5 grants (funded by other investors contributing to the NIPF) executed, funds disbursed and used, new products, technologies and commercialisation reported, reviewed and evaluated	Facility report including investments, financial report, product and technology promotion materials from SMEs.	
	1.3	9 emerging SMMEs in the southern African biotrade sector access local markets (6 in SA, 3 in region)	Project reports tabling non-confidential information on innovations, press releases, marketing materials of SMMEs	1.3	10 emerging SMMEs/start-ups (with interest to address ABS compliance) are supported with GMP, GACP and HACCP based on ISO standards to successfully access existing/new local markets	1.3.1	Call for applications for up to 10 emerging SMMEs to provide technical support and coaching, of which 50% is women owned/led	Technical reports, Summary spread sheets	May'22 - Jul'24
						1.3.2	Assess the ABS compliance of at least 5 selected SMMEs and provide additional ABS handholding support (sustainable use)	Assessment and progress reports, evidance of registered permits	
						1.3.3	9 of 10 emerging SMMEs successfully complete the programme	Evaluation report including M&E data (baseline, mid-term and end reports), Summary spread sheets	



Component 2													
Technical and Financial assistance to strengthen the ABS supported value chain enablers (MESO LEVEL)													
Intervention Approach													
Provides technical and financial support to meso-level institutions (public implementing agencies & associations)													
External Factors (Assumptions/Risks)													
Non-tariff barriers in target markets do not tighten to restrict new products from emerging markets, continued positive sentiment and willingness of SMMEs to invest and collaborate, sufficient capacity in BSOs/sector organisations													
Outcome 2		Outcome indicators		Means of verification		Output		Output indicators		Means of verification		Timeframe	
SMMEs use BSO/Meso level institutions (incl. Private and Public Laboratories) assistance designed specifically to support the Value Chain actors for the selected species.		2.1	3 South African ABS focused/organised industry bodies (of which 1 has a regional focus) improve the quality, traceability, safety, volumes of their sectors, based on the SDPs.	Documentation of communication with users (associations) (e.g. emails, minutes from workshops or other meetings), documentation of identified specie gaps being addressed (e.g. scientific publications, studies, websites)	2.1	3 organised sectors incl. cooperatives, hubs, aggregators and associations targeting non-tariff barriers and key areas identified in the SDPs (or comparable plans) in a way that enables multiple ABS compliant SMEs to access new markets for key biotrade products and ingredients	2.1.1	Call for applications from organised sector/associations for grant agreements/LSs to be reviewed, selected, and executed based on SDPs or related plans	Project report(s) including financial and technical summary reports and spreadsheets		May'22 - Jul'24		
							2.1.2	3 associations/organised sectors addresses sector specific challenges	Sector quarterly reports				
							2.1.3	Review/monitor/evaluate the progress made against the SDPs (or comparable plans)	Evaluation report including M&E data from sector associations (baseline, mid-term and end reports), Summary spread sheets				
							2.1.4	Monitor/reflect/recommend – using the emergent insights for opening new opportunities (link to Component 3)	Lessons learnt & reflection reports to be recommended as KPs for component 3				
		2.2	At least 6 Southern African BSOs/Laboratories in the Biotrade sector are capacitated to create an enabling environment for biotrade SMMEs	Certifications/quality assurance reports, summary reports of SMMEs supported and feedback	2.2	Selected 3 BSOs (incl. Laboratories) are supported by technical/financial assistance to address sector-wide priorities and non-tariff trade barriers such as EU Novel Food approval identified	2.2.1	Call for applications from at least 3 BSOs (incl. laboratories) for grant agreements/LSs to be reviewed, selected/rejected, and executed based on identification of national laboratories and BSOs (Meso level institutions) through the GIZ procurement process	Project report(s) including financial and technical summary reports and spreadsheets		May'22 - Dec'23		
							2.2.2	New capabilities/technologies/processes introduced at the 3 BSOs (Meso-level institutions including laboratories).	Reports, document(s) with summaries comprising non-confidential information of each proposal				
		2.3	At least 3 benefit-sharing agreements (2 in SA, 1 in region) involving organised and capacitated IPLCs are secured.	Documents of communication with IPLCs, documents describing agreements, academic publications	2.3	3 Selected IPLCs based on SDP process are supported with technical assistance to assert their participation in agreed biotrade value chains through a BCPs or comparable instrument.	2.3.1	3 Bio-cultural community protocols or comparable instruments related to ABioSA value chains have been developed	Reports for each community engagement with the value chain		Jul'22 - Jul'24		
							2.3.2	Strategies for 3 IPLCs to actively participate in the relevant value chains and their role in the SDP	Strategies/operational reports				
							2.3.3	Growing the capability of community engagement practices	Workshop reports, training materials				

Component 3									
Stakeholder engagement and dialogue (across MICRO, MESO, MACRO and META LEVELS)									
Intervention Approach									
Stakeholder engagement and dialouge									
External Factors (Assumptions/Risks)									
Continued collaborative arrangements and sentiment between public and private sector remains willing to participate and engage									
Outcome 3	Outcome indicators		Means of verification	Output	Output indicators		Means of verification	Timeframe	
Improved dialogue and stakeholder engagement to support the biotrade sector development in South Africa and the (sub-) region.	3.1	Stakeholders engaged (including women specific groups) and look at solution orientated approaches to address challenges	Workshop reports, resolution plans and case studies	3.1	14 Relevant tools, KP and processes developed based on key challenges or best practice identified in component 1 & 2 faced between various actors in the sector as vehicle for stakeholder engagement (including women specific groups).	3.1.1	At least 10 knowledge products developed based on key challenges or best practice identified in component 1 & 2, faced between the various actors of the biotrade sector	Technical content/documents from component 1 & 2, final knowledge products	Apr'21 - Sept'24
						3.1.2	At least 3 articles/"case uses"/learning labs etc. for PhDs on their relevant biotrade studies	Proposals, articles, etc.	
						3.1.3	At least 1 of these knowledge products form the basis to present at international forums	Reports and presentations	
	3.2	Stakeholder dialogue platforms created for stakeholder dialogue (and specific provision made to include discussions on gender and profile the voices of women) in collaboration with other partners.	Best practices published, Corporate/sector organisations statements and websites	3.2	19 relevant southern African biotrade sector platforms created for stakeholder dialogue (specific provision made to include discussions on gender and profile the voices of women) in collaboration with other partners.	3.2.1	1 biotrade conference (in collaboration with partners) addressing key areas of importance (ABS/ compliance/regulations in target markets, market access information)	Conference programme, presentations and reports	Apr'21 - Sept'24
						3.2.2	12 Biotrade stakeholder forums (both physical and virtual) in collaboration with UNIDO GQSP (in a rotational manner) to engage and inform BSOs	Stakeholder forum agendas, minutes and presentations	
						3.2.3	Support the promotion of SA/Southern African products and biotrade sector in participation with 3 existing initiatives (incl. Proudly SA)	Product/ingredient marketing material, website links etc.	
						3.2.4	Joint hosting with DFFE and other potential interested partners of 3 SME breakfasts to engage on KPs and problem solving within the sector	Workshop agenda, reports and presentations	
	3.3	Relevant southern African stakeholders as well as regional and international organisations rate their satisfaction level with and the usefulness of the outputs of the project on a scale from 1 to 6 with 4 or higher.	Stakeholder survey	3.3	Relevant southern African stakeholders as well as regional and international organisations' report on the relevance and implementation of the project KPs/Tools into their policies and practices.	3.3.1	At least 3 lessons learned, and best practices are taken up by relevant stakeholders	Stakeholder correspondance, articles, websites etc.	Apr'21 - Sept'24
						3.3.2	Project webspace for dissemination of guidance documents/handouts are actively utilised and referenced	Stakeholder reference correspondance, articles, websites etc.	

## Annexure C.1 – Systemic competitiveness framework

### Background

Background to the proposal approach is the stakeholder mapping process that was developed during the jointly hosted bi-monthly **Biotrade Stakeholder Forum** meetings by ABioSA and UNIDO GQSP-SA in close collaboration with the **DFFE** and the **dtic**. The aim of these meetings is to create a more synergistic biotrade public and business support/meso level landscape for enterprises to manoeuvre.

Over the period of October 2019 – February 2020 a stakeholder mapping process was conducted to get a better 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-level organisations should work together effectively while pursuing different or complementary objectives. The challenge is to get the different meso-level organisations to pursue synergies, amplify knowledge spill overs and improve the overall dynamic between a wide network of meso-level organisations within the biotrade sector in order to respond to the needs of the biotrade SMMEs. For further information on this process visit the ABioSA [webpage](#) for the Stakeholder mapping case study as outcome of forums 6 – 8.

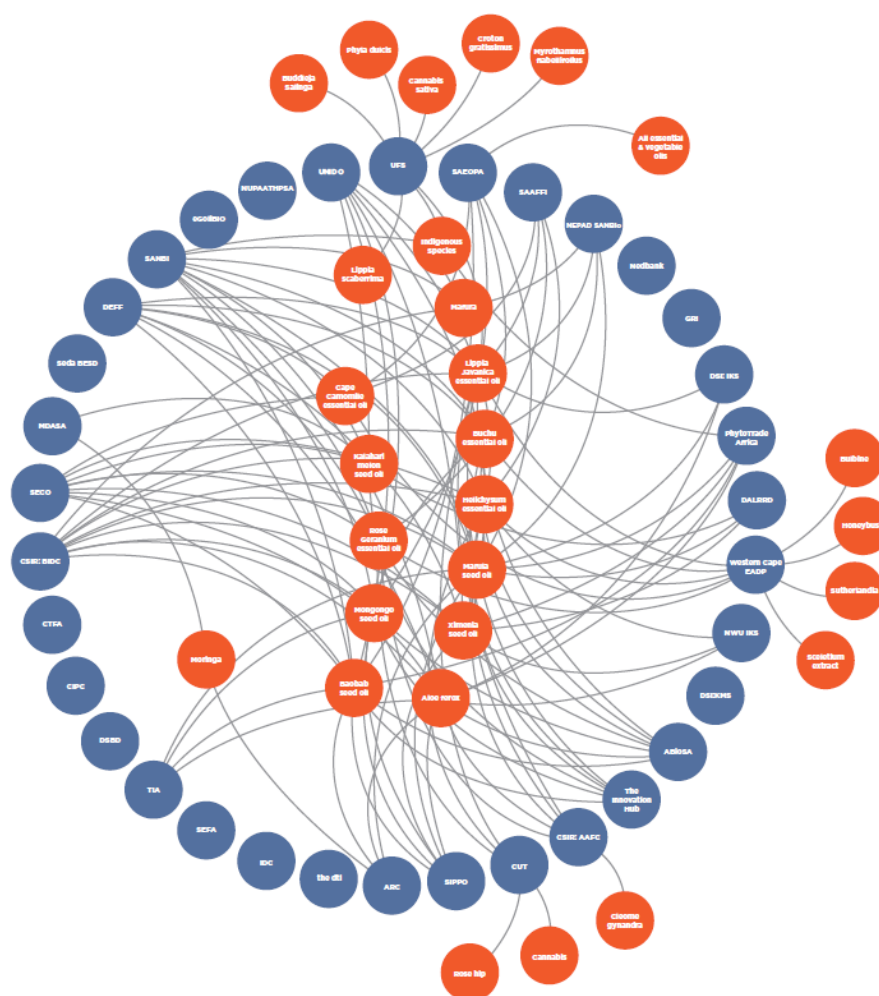


Figure 1: Biotrade stakeholder mapping according to the specie value chains.

The research and discovery costs in the biotrade sector are high and the costs to find the right service provider or BSOs increase when support offers are generic. The ability of the meso-level BSOs for dynamic response to changing or emerging new patterns appear to be low. It became evident during ABioSA phase I that very few organisations have the internal capacity to reflect and react on re-occurring problems of supported SMMEs that fell outside of their mandate and set indicators. If capacitated as outlined, these organisations can provide valuable

information and support both in sector wide terms, and in areas specialised around specific markets, species or technologies employed.

Although it is recognised that both SIPPO and UNIDO GQSP are already working with specified BSOs it should be noted that in the case of SIPPO this support is limited to generic services along the last mile for BSOs in a wide variety of sectors of which biotrade is only one and that UNIDO GQSP supports specific laboratories focusing on quality tests. Therefore, it would be important to ensure that a close collaboration between the sister projects takes place. ABioSA will focus its support to BSOs in the biotrade sector to increase market access for SMMEs, looking at focusing, improving and expanding the effectiveness of their offerings. In other instances, improving offerings may require the redesigning of specific services or making certain resources available.

### Systemic competitiveness framework

Sectoral competitiveness and economic growth within the broader national system traditionally focused quite narrowly on a few determinants of economic performance. The systemic competitiveness framework as referred to under section 4.3.2 (page 12) developed by Esser, Hillebrand, Messner and Meyer-Stammer (1995) concentrates on four social and economic levels and the way in which they inter-relate.

These levels are;

1. **Micro:** smallest level of economic activity consisting of enterprises, their organisational structures, how they interact with each other with the aim to achieve simultaneously efficiency, quality, flexibility and speed of response
2. **Meso:** where both public and private meso organisations at national, regional and local level become involved in promoting business, and where targeted meso policies, support initiatives and concrete projects are established to coordinate and promote sector advantages and increase relative competitiveness.
3. **Macro:** where pressure is exerted on the enterprises through performance requirements and policies across the economy.
4. **Meta:** which is made up of solid basic patterns of legal, political and economic organisation, and the adequate social capacity for organisation and integration and the capacity of the actors to achieve strategic integration.

Based on findings and experiences gained during Phase I the components have been revised to follow the competitiveness framework through the strategic organisation of the ABioSA resources and initiatives and building well-functioning collaborative networks. Traditionally initiatives and programmes mainly focus on inputs, outputs and direct impact, however the interactions among the stakeholders are as important as investments in outputs of activities and are hence key to translating the inputs into outputs.

As noted under section 5.5 Monitoring and Evaluation (M&E): “ABioSA is not only striving for direct impacts but also contribute to **systemic change**. Systemic change often has a greater impact than direct assistance as even people/SMMEs with no immediate contact with the project will benefit indirectly”.

Of specific interest to ABioSA is the dynamic interaction between all the stakeholders across the four levels of the competitiveness framework and especially how information flows, how problems are solved, how knowledge is generated, and how on-going learning occurs. Interaction between stakeholders at the different levels often is affected by issues such as trust, social and informal networks, formal relationships, common customers or common inputs and other factors. Component 3 described in section 4.4.3 of the proposal is designed to specifically address this interaction and information flows.

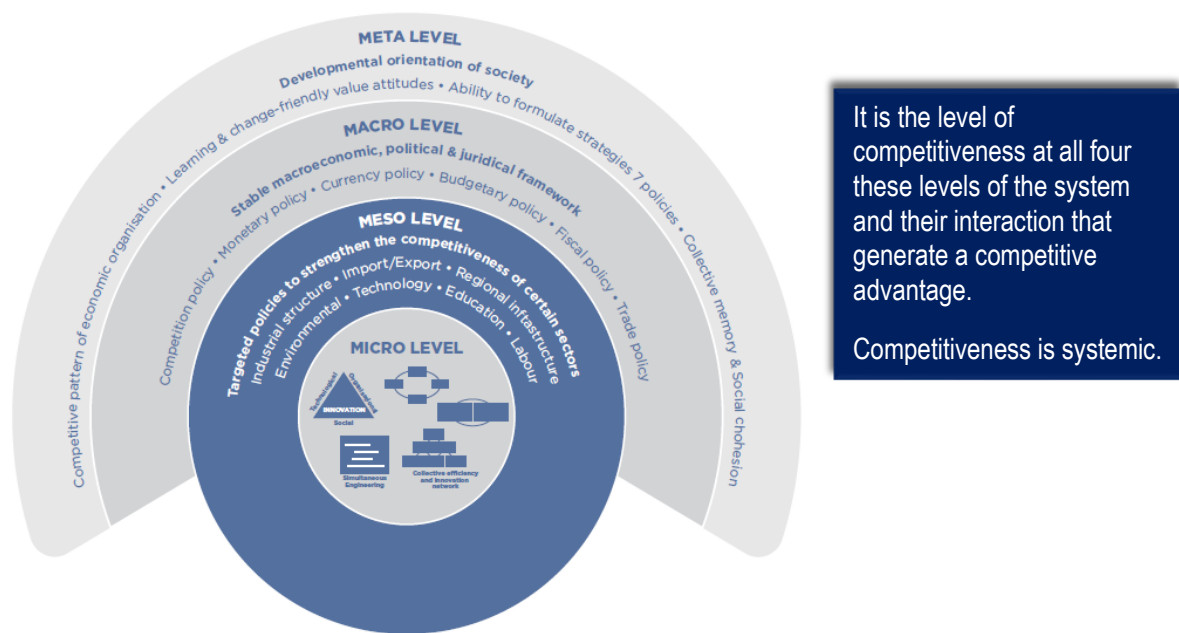


Figure 2: Systemic competitiveness framework

ABioSA in collaboration with other partners will therefore aim to bring together the different stakeholders within the framework including industry (SMMEs), government, academia and civil society to create synergies between the different parties and to support the creation of an enabling environment for the biotrade natural products sector with the ultimate mission to yield increased market access, economic growth and job creation within the sector. The SDPs and support to the BioPANZA clusters will play a crucial part in this process.

In phase II the support directed to SMMEs takes place on all levels of the systemic competitiveness framework as described under section 4.4 of the proposal.

- **Outcome 1** SMMEs will be supported on an individual basis – **micro-level**
- **Outcome 2.1** responds to SMME support needs – as was identified in the sector development plan process conducted in phase I – with a sector wide approach at the **meso-level** through associations and/or groups of SMMEs working together on the same value chains

Additionally, through the registration of marula as novel food conducted through an international expert providing access to all SMMEs in the sector

- **Outcome 2.2** deals with public sector **meso level** institutions or so called BSOs with the key focus on implementing agencies of government such as laboratories within universities, the South African National Biodiversity Institute (SANBI) or the CSIR Biomanufacturing Industrial Development Centre (BIDC), or Technology Innovation Agency (TIA) platforms. For further explanation I copy an extract from our Stakeholder mapping knowledge product (also attached here) that we conducted after the ABioSA/UNIDO GQSP stakeholder mapping process. The key focus of these meso-organisations acts as a vehicle to stimulate economic activities and strengthening SMMEs 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. In our case through the cosmetic gap analysis and assessment of laboratories capacities in SA to be able to respond to the EU regulatory requirements showed that we need to collaborate to increase these capacities.

The key focus remains on SMMEs but bringing into the fold agencies of government more sustainably as partners and working with SMMEs through associations and in groups (as explained in the ABioSA case study: Hub and Aggregator model that can be accessed on the ABioSA [webpage](#)).

- **Outcome 2.3** same as in phase I focus on bringing the local communities into the sector value chains and links back to component 2.1.
- **Outcome 3** SMMEs are supported through stakeholder dialogue using knowledge products as a vehicle for problem solving and engagement with government, academia and others.

## Annexure C.2 – Systemic Insight approach

The Systemic Insight approach was developed by Mesopartner with the aim to enable organisations and networks of stakeholders to search for solutions to improve the performance of complex systems or emergent networks and/or sectors. This instrument draws on cognitive science and complexity thinking as well as experiences in the design of participatory social and economic change initiatives such as social labs or cluster platforms. At the same time, Systemic Insight was designed to allow stakeholders to work with complex issues without having to know the theories and understand abstract complexity thinking.

Systemic Insight is an iterative process where stakeholders explore the boundaries and constraints of a system in which the possibilities or solutions are unknown or uncertain. The format of collaboration, be it a multi-stakeholder platform or forum or purely bilateral interaction with the involved actors, is thereby not fixed but depends on the circumstance and can change over time.

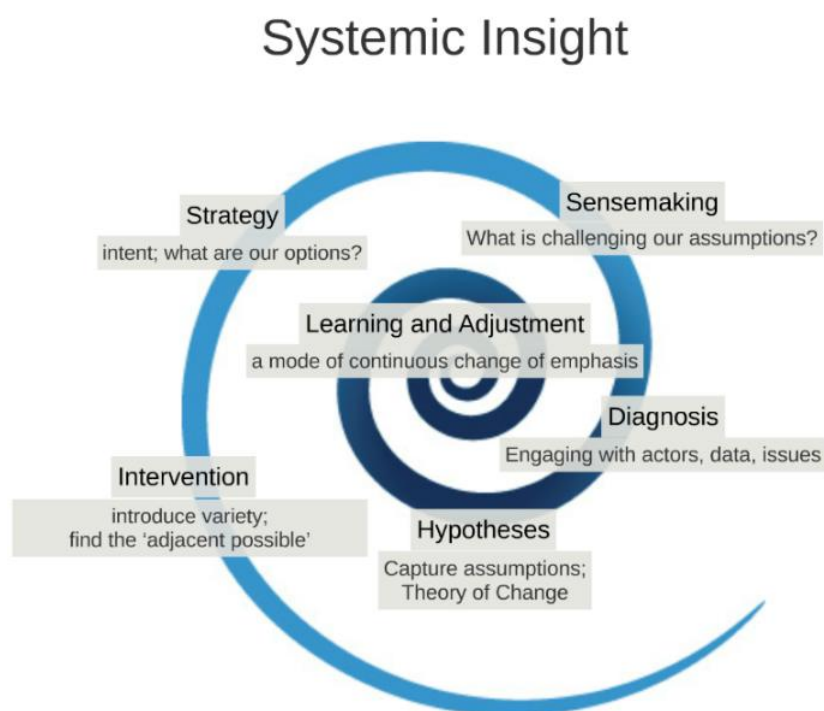


Figure 4: Systemic Insight illustration

A high level of self-selection of participants into the process is encouraged. Self-selection means that local actors take **ownership of the process by actively opting in, contributing to, investing in, and incorporating change in their own operations** based on their interest to solve a problem or their identification with an issue.

In Systemic Insight meso level organisations such as implementing agencies of government are seen as central actors of change. Systemic Insight helps them to become more effective in managing change and resilience while assisting SMMEs and associations to adapt to change in the environment. It shifts the focus of actors from responding to change towards actively testing ways to anticipate and actively create change.

The process enables stakeholders to challenge their own assumptions, discover and better understand the system and make sense of the constraints and possible opportunities. It guides them to intervene through portfolios of quick win activities or safe-to-fail experiments. Continuous learning and adjustment activities ensure an iterative and adaptive approach that is appropriate to tackle complex issues.

The Systemic Insight approach runs through five phases as shown in the graphic above. A continuous **Learning and Adjustment** activity guides the work throughout the phases. It defines the emphasis and intensity of the work in the different phases based on current needs and realities. In order to put learning and adjustment in the centre



of the change initiative, monitoring and management functions need to be integrated to allow for decision making that is based on facts and current realities and needs.

ABioSA will use Systemic Insight to assist meso level institutions, also within the context of the BioPANZA cluster engagements to explore with stakeholders what is possible and what is influencing the behaviour of SMMEs to adopt, adapt and integrate ABS, innovation and conservation into their operations.

## **Annexure E – Project Steering Committee (PSC) rules and procedures**

Based on the co-funding of the Swiss State Secretariat for Economic Affairs (SECO) the ABS Initiative is implementing the project “ABS Compliant Biotrade in South(ern) Africa (ABioSA)”. The project works closely with the Department of Forestry, Fisheries and the Environment (DFFE), which leads the SA government’s approach to biotrade.

The ABioSA Project Manager, who is based at the GIZ office in Pretoria and reports to the ABS Capacity Development Initiative Manager, coordinates implementation of the ABioSA project.

### **Members**

Representatives of SECO, the GIZ-implemented ABS Initiative and DFFE.

### **Observers**

Stakeholder representatives are invited in their personal capacities based on their function and experience to provide technical and strategic advice to the PSC members. The role of observers is to add valuable input based on their expertise and experience in the sector, to avoid repetition of errors and to optimise effectiveness. The presence of the observers is also aimed at improving collaboration and partnerships across stakeholders.

Observers will not be remunerated. Where observers are not based in Gauteng, travel and accommodation will be organised and covered by the project.

### **Functions**

Besides providing strategic guidance and advice to the project management the PSC is specifically tasked to

- review the implementation of the work plan and assess the impact,
- support raising additional financial and human resources,
- support mainstreaming ABS capacity development into national and (sub-)regional bilateral development cooperation projects and programmes,
- ensure effort and expenditure are appropriate to the needs and the demands of the stakeholders,
- ensure emerging issues are considered and integrated into the activities, goals and outcomes.
- ensure that activities are aligned and coherent with the overall strategy and the objectives of the ABS Initiative,
- approve annual work plans and budgets,

### **PSC Secretariat**

The PSC Secretariat is with the ABioSA Project Management team and includes the following responsibilities:

- Organising and inviting for meetings,
- Preparing the agenda in close coordination with the chair (see below),
- Sending agenda and other documents to members and observers,
- Writing minutes of meeting (for members only) and meeting report (for observers and general public).

### **Meetings**

The PSC shall meet at least twice a year. SECO shall chair the mid-term meetings, restricted to the PSC members. The chair for the annual meetings shall rotate between GIZ and DFFE. Ad hoc meetings could be called in the event that any risk and/or challenge has been identified that requires immediate attention. With a view to clearly separate the PSC function of providing general guidance and advice to the ABioSA Project Manager and decision making on annual workplans and budgets the PSC annual meetings are organized in two parts:

1. Meeting of members and observers: Main tasks are to review implementation and provide strategic guidance to the NPC for the next planning phase

2. Meeting of members: Main tasks are to approve annual work plans and budgets, discuss matters of strategic importance to the project, and appoint members of the Investment Committee.

Decisions are taken preferably by consensus. In the event that PSC members cannot reach consensus, the chair of the meeting will call for a vote. SECO, GIZ and DFFE have one vote each.

### **Reporting**

Minutes of the meeting and a report for publications on the website of the ABS Initiative will be made available no later than two weeks after each meeting. Both documents will be approved by silence procedure, i.e. no response until a set date and time (usually close of business one week after sending the documents) is considered as approval.

If Project Management requires guidance or decisions between physical meetings of the PSC the ABioSA Project Manager will initiate email consultation among PSC members. Silence procedure will be applied if any decision is to be taken.