



environmental affairs

Department:
Environmental Affairs
REPUBLIC OF SOUTH AFRICA

THE ABS
CAPACITY
DEVELOPMENT
INITIATIVE



L'INITIATIVE DE
RENFORCEMENT
DES CAPACITES
POUR L'APA



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Federal Department of Economic Affairs,
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ABioSA

ABS Compliant Biotrade in South(ern) Africa

Building a high-growth innovative biotrade sector that create jobs and contributes to sustainable use of biodiversity in South Africa and the region

the dti 2018 National Natural Ingredients in Cosmetics Workshop
16 October 2018

Joretha Després

funded by



Federal Ministry
for Economic Cooperation
and Development

ORGANISATION
INTERNATIONALE DE
la francophonie



INSTITUT DE LA FRANCOPHONIE
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Project Summary



Name: ABS Compliant BioTrade in South(ern) Africa

Funded by: Swiss State Secretariat for Economic Affairs (SECO)

Managed by: Access and Benefit-sharing Capacity Development Initiative (ABS Initiative), within the GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit)

Governance: Project steering & investment committees

Country Focus: South Africa (70%) and Southern African region (30%)

Why the project?



Biotrade is emerging as a significant industry which sustainably uses wild or cultivated natural resources for social and economic development.

It is a high-potential sector which can **enhance and conserve biodiversity, build rural economies, empower women and stimulate skills and technology development.**

Global **markets for natural and organic products** are growing strongly, and are underpinned by long-term consumer trends.

South Africa is the **third most biologically diverse country** in the world, with more than 21 000 plant species.

Many indigenous peoples and groups have **valuable traditional knowledge** associated with the uses and potential new applications.

It builds on a previous programme funded by SECO, that resulted in the sustainable growth of SMEs in the sector.

There are still several **challenges** to address in order to grow the sector to its full potential.

What are these challenges?



Non-tariff barriers in key consumer markets are **complex and too expensive** for **SMEs** to comply with thereby limiting the scale and scope of the biotrade sector.

Indigenous and local communities remain at the low end of value chains often because they are **poorly resourced and cannot engage industry effectively**.

SMEs are often very small, have **limited skills** and capacities for financial management, business planning and are therefore **not investment ready** – even if they have good ideas and concepts.

There are **no dedicated resources or incentive schemes for the biotrade sector**, and extent **incentive schemes** do not easily match biotrade sector SME needs, and are **poorly coordinated** across departments.

ABS regulations that are **unworkable** for many SMEs, low levels of compliance, and therefore a **disincentive** to investment in the sector.

What is ABS?



Access and benefit-sharing (ABS) refers to the **way in which genetic resources may be accessed, and how the benefits that result from their use are shared** between the people or countries using the resources (users) and the people or countries that provide them (providers).

Providers of genetic resources are governments or civil society bodies, which can include private land owners and communities within a country, who **are entitled to provide access to genetic resources and share the benefits resulting from their use.**

The **benefits** to be shared can be **monetary**, such as sharing royalties when the resources are used to create a commercial product, **or non-monetary**, such as the development of research skills and knowledge.



What are genetic resources?

All living organisms; plants, animals and microbes, carry genetic material that could be potentially useful to humans. These resources can be taken from the wild, domesticated or cultivated. They are sourced from environments in which they occur naturally (in situ), or from human-made collections such as botanical gardens, gene banks, seed banks and microbial culture collections (ex situ).

The Nagoya Protocol on ABS



The Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity is an international, supplementary agreement to the Convention on Biological Diversity.

It **provides a transparent legal framework** for the **effective implementation** of one of the three objectives of the CBD: the **fair and equitable sharing of benefits** arising from the utilization of genetic resources, thereby **contributing to the conservation and sustainable use of biodiversity**.



The Nagoya Protocol on ABS was adopted on 29 October 2010 in Nagoya, Japan and entered into force on 12 October 2014.

ABS simply explained:

https://www.youtube.com/watch?v=0FdKu_YHTfE&list=PLFxz19cUN2XISQIFjv5K16u8wmDowHiET&index=2

ABS monitoring system:

<https://www.youtube.com/watch?v=4hu1Ktf6zJo&list=PLFxz19cUN2XKyg85tYliGz9cDA8LvIUxB>

This is relevant for international value chains based on resources from SA and entering the EU, Swiss market. The checkpoints system in SA monitoring the utilization of domestic and foreign genetic resources is not yet existent.

Project Components



Main components	Outcomes	Intervention approach
Component 1: Technical assistance to Southern African ABS compliant biotrade value chains	Outcome 1: SMEs access new global markets for biotrade products based on national and transboundary value chains with strong participation of IPLCs.	Project providing technical assistance to SMEs and IPLCs
Component 2: Financial assistance through the innovation facility	Outcome 2: SMEs use financial assistance designed specifically for biotrade innovation and growth whilst leveraging own resources and/or government incentive schemes.	Project innovation facility providing financial assistance through grants to SME to implement selected proposals
Component 3: Policy dialogue and enabling environment	Outcome 3: Improved ABS implementation framework supports the biotrade sector development in South Africa and the region.	Policy advise and technical support to Government and BSOs

Component 1

Address regulatory issues for focal species: marula (oil and fruit), aloe ferox, essential oils, seed oils

Capacity development as preparation for Round 2 grant funding



Component 2



Innovation Fund: grants (2 rounds)

Round 1 + Round 2	<ul style="list-style-type: none">• EUR 800,000• Up to 24 grants of which up to 4 grants for BSOs• Average grant size R500 000• Grant size for SMEs up to R675 000• Grant size for BSOs up to R1 350 000• 70% South Africa, 30% other Southern African countries, at least one BSO from another Southern African country• Focus on preselected high-impact value chains
Round 1	<ul style="list-style-type: none">• More advanced SMEs and BSOs• Up to 4 BSOs, 10 SMEs
Round 2	<ul style="list-style-type: none">• Focus on early stage SMEs (SMEs who already have a product but have difficulty to access/grow their market)• No. and size of grants in total for Round 1 and Round 2 limited to 24 and EUR 800,000 respectively, so max no. and amount will be determined by approved grants in Round 1.

Overview of process



Round 1

- Open call, process all applications received, immediately reject incomplete applications, assess applications according to scorecard, shortlist 20 SMEs to receive capacity building during which they will undergo a second assessment, rank SMEs and submit document to IC who will do final approval.
- Applications close 31 October 2018
- Documents available for download until 19 October 2018 on <https://www.giz.de/en/worldwide/67404.html>

Preparatory phase of round 2

- Select a group of 60 SMEs to receive TA/capacity buildings for 8 months
- Applications close 12 December 2018
- Documents available for download until 30 November 2018 on <https://www.giz.de/en/worldwide/43806.html>

Round 2

- Open call, process all applications received, immediately reject incomplete applications, assess SMEs according to revised criteria, shortlist SMEs and submit document to IC who will do final approval. Assessment could include observation of the SMEs who participated in the preparatory phase and telephonic interviews with SMEs who did not participate in the preparatory phase.

Survey



- Survey distributed to almost 200 SMEs and BSOs
- 35 SMEs and 5 BSOs analysed
- Only 28% t/o > R2,5m (37% didn't provide t/o)
- Establish level of activity in value chains of species
- Markets
- Compliance
- Constraints
- Level of awareness
- Support organisations

To conclude



- Quality and quantity an issue
- Funding
- Several species' VC relatively developed, requires additional assistance
- Formulators start to exclude certain species due to quality/quantity issues still not being addressed/ABS
- Issuing of permits, identification of TK holders
- High compliance cost (this programme can't fill all the gaps)
- Requires industry specific fund
- SMEs very low level, need a programme more focussed on lower level and local market
- Need funding for national/regional public awareness campaign
- Numerous associations/organisations - improved collaboration required
- Industry specific body required



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Thank you!

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