

South Africa

Annual Plan 2012

Netherlands Trust Fund Phase II

South Africa Annual Plan 2012

I. Introduction

The NTF II project in South Africa is composed of three components:

Component A: Enhancing Export Competitiveness of South Africa Rooibos Tea

Component B: Enhancing Export Competitiveness of South Africa Automotive Components

Component C: Enhancing Seda's capacity to deliver Business Advisory Services

II. Overview of Project Implementation and Design

Project Implementation started in a staggered way. The implementation of Component C was initiated in February in close collaboration with CBI. The implementation of Component A and B started in April setting up the approach, the structure, and the timeline. Once this was agreed and consultants hired, work progressed as planned to ensure completion of the inception phase which ended with a couple of months delay against original plans.

1. Policy and project context including linkage to ongoing operations:

With regard to Rooibos sector, work undertaken by the NTF II project took into consideration knowledge and expertise build in other agro sector in South Africa. For instance, the terms of reference for the in-depth analysis of the German market took into consideration work done previously to promote Wines of South Africa in the European market. In same spirit, work on the strategic information system took into consideration experience built by the fruits and vegetable sector and how knowledge management has helped the industry strengthen its competitive advantage and better position itself in the export market. During the implementation phase, the Rooibos industry will benefit from synergies with other agro-sector sectors, taking advantage of previous successful experiences. This will enable the project to use available resources more effectively to focus on added value for the Rooibos industry.

For the automotive sector, the Durban Automotive Cluster conducted an analysis and listed all other initiatives taking place in South Africa and supporting the automotive sector. The purpose of this research work was to understand what kind of support the sector is benefiting from, and how NTF II can link and build on what others are doing. These results of this research are included in a comprehensive document which will be used during the implementation phase of the proposed action plan. Among these initiatives, the CBI Export Coaching Programme is specifically targeted as it would logically be a good complement to NTF II activities.

2. Objectives to be achieved:

The overall objective of the NTF II project in South Africa is to improve exporter competitiveness of the Rooibos tea and automotive part in order to create employment and contribute to poverty reduction.

The expected outputs for each sector are:

0. Increased exports of Rooibos tea products and by-products.
1. Enhanced export readiness of 2nd tier manufacturers of automotive components for the aftermarket.

Component C aims at strengthening Seda capacity to provide effective and efficient advisory services for Small and Medium Size enterprises. This project was undertaken jointly with CBI in conjunction with CBI's BSOD programme.

3. Activities:

The South Africa Rooibos Council (SARC) benefited from the in-depth analysis of the German market and the re-export market for herbal teas. It has been able to take the results of the analysis to adjust its 2012 marketing campaign in Europe reaching out to potential new markets. The market study and the Rooibos information system strategy will serve as a basis to strengthen SARC role as the information hub for the industry and the facilitator in taking coordinated decision and actions to benefit the industry as a whole and make it more competitive and sustainable along the whole value chain. This approach was approved by the SARC Board in Dec. 2011.

The gap analysis work for the 2nd tier manufacturers of automotive parts was completed. The results of the analysis show two distinct groups of companies, the emerging companies and the mature companies. Each group would require a different technical assistance approach and focus on different issues to become export ready/fit. The proposed action plan was endorsed by the stakeholders present at the meeting. There is, however, a need to ensure firm commitment from these key stakeholders to support the implementation phase with human and financial resources.

As part of component C, Seda has been able to build/strengthen its business advisory capability through the training programme (Export Advisory and Mentorship Training Programme (EAMTP)) delivered jointly by CBI and ITC. 24 Business advisors were able to build new skills and competencies through the hands on training. The Business advisory have now the capacity to provide strategic advisory services for businesses to benefit from new export opportunities. The training programme was adjusted to fit the needs and expectations of Seda.

4. Assumptions and risks:

Identified Risk	Risk likelihood (H/M/L)	Consequences	Mitigation
Rooibos industry dominated by the main producer/exporter which has direct influence on the industry and SARC work	M	Project activities hijacked/influenced by the priorities and the objective of the main producer	All outputs presented and approved by SARC Board which counter-balances the weight of the main producer.
Companies in the auto-parts industry do not commit resources to implement improvement plans	L	Project activities are not sustainable in the long run and will not result in improved export competitiveness	Companies for the gap analysis are selected through expression of interest and formally signing a commitment letter to implement improvement plans
Dilution of project efforts through three separate components	M	Limited impact in terms of enhanced export competitiveness overall	The project management structure covers all three components to ensure consolidation of results and cross fertilisation of practical experience and approaches used

5. Management and coordination arrangements:

During 2011, the project was directly coordinated from ITC Headquarters in Geneva. Given the difference in the content of each component, and that each one is implemented in a different province of South Africa, it was not practical to set up a project management team or coordination mechanism locally. This arrangement will continue in 2012.

6. Monitoring, review and evaluation arrangements:

Monitoring processes will be defined for the implementation phase for both Rooibos and automotive components sector. Counterpart organizations will play an active role in monitoring progress, so that there is transfer of capacity within partner institutions namely: South African Rooibos Council (SARC), and Durban Automotive Cluster (DAC).

7. Key quality and sustainability issues:

The direct involvement and strong commitment of partner organizations to the NTF II project activities is ensuring quality and relevance of outputs produced which will drive the sustainability of achievements. Based on the findings of the feasibility mission, it seems that the delivery of support services is most effective through a network of TSIs and private service providers. As both TSIs, the SARC and DAC, are rather small and have limited resources. This approach will be integrated in the implementation of NTF II activities to ensure that the support services developed by the project will be sustainable beyond the life of the project itself.

III. Work plan for the Next Period

1. Results to be delivered – quantity, quality and time:

Rooibos Tea Industry:

Based on the field visit organised early March 2012, the NTF II project strategy will follow a three pronged approach:

1. Develop a strategic plan for South Africa's Rooibos Council (SARC) that will guide the overall development of the industry including export diversification efforts. This will serve as a basis develop the business plan for This will enable SARC to apply for statutory measures and to access various sources of funding available within the Department of Trade and Industry (DTI) and the Department of Agriculture
2. Undertake initial steps to prospect new market for Rooibos tea. Two potential markets have already been identified by the industry and by the government which are Taiwan and the Emirates. The NTF II project will serve as a catalyst and support the initial steps to gain a better understanding of the requirements of one of these markets and how best to position Rooibos tea.
3. Initiate in collaboration with key stakeholders, including the department of agriculture, the development of the strategic information system for the industry. This system will include information on production capacity, demand, market conditions, and will facilitate the decision making process at the strategic level. Experiences from other agricultural sectors shows that this has been very beneficial and enabled these industries to have a more coordinated and cohesive approach to markets which is currently mission for the Rooibos tea.

A detailed workplan will be finalised in the next few days in collaboration with SARC

Automotive Components Industry

	Implementation Phase- Component B	2012				2013
		1Q	2Q	3Q	4Q	1Q
Output 2: Increased export fitness and export readiness of small scale automotive components manufacturers	2.1 develop and agree a coaching and a training methodologies that will be deployed					
	2.2 provide coaching and training to mature companies (7 SMEs)					
	2.3 provide coaching and training to emerging companies (8 SMEs)					
	2.4 undertake a final assessment of change that resulted from training and coaching					
	2.5 Document coaching and training methodology and materials used, and build a DB of resources persons/institutions					
Output 3: Capacity of Automotive TSIs' to provide assesment and mentoring services strengthened	3.1 Coach DAC to undertake gap analysis in Eastern Cape					
	3.2 Coach DAC to develop and validate an action plan to support 2nd tier manufacturers in eastern cape					
	3.3 mainstream advisory services within DAC portfolio					

2. Resource schedule and budget

Rooibos Tea Industry

\$135,800 (total budget for Rooibos)

Automotive Components Industry

Estimated 2012 Budget for Component B (in US\$)		
Output	Activity or Output Description	NTFII Contribution
Output 2: Increased export fitness and export readiness of small scale automotive components manufacturers	provide coaching and training to mature companies	60,000
	provide coaching and training to emerging companies	60,000
	Document coaching and training methodology and materials used, and build a DB of resources persons/institutions	10,000
output 3: Capacity of Automotive TSIs' to provide assesment and mentoring services strengthened	Coach DAC to undertake gap analysis in Eastern cape	20,000
	Coach DAC to develop and validate an action plan to support 2nd tier manufacturers in eastern cape	5,000

	mainstream advisory services within DAC portfolio	5,000
Sundry (4%)		6,400
Support Costs		21,632
Total Component B		188,032

3. Updated risk management plan

The updated risk management plan will be completed and included in the project document for each sector, focusing on the risks for the implementation phase

4. Special activities to support sustainability

Nothing to report

5. Updated logical framework with performance indicators and means of verification

The updated logical framework will be completed and included in the project document for each sector, focusing on the outputs and activities that will be undertaken during the implementation phase