

Concept document on Value Chain Round Tables (VCRTs)



agriculture,
forestry & fisheries

Department:
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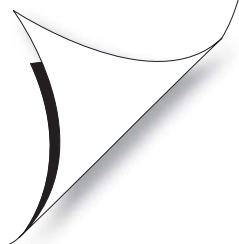
CONCEPT DOCUMENT ON VALUE CHAIN ROUND TABLES (VCRTS)

I, Ms Tina Joemat-Pettersson, Minister of Agriculture, Forestry and Fisheries, acting upon advice by the Departmental Executive Committee and its subcommittees hereby approves the Concept document for the establishment of Value Chain Round Tables (VCRTs) or Networks.

A handwritten signature in black ink, appearing to read 'T. Joemat-Pettersson'.

Ms Tina Joemat-Pettersson, MP
Minister of Agriculture, Forestry and Fisheries

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ACRONYMS

AAFC	Agriculture and Agri-Food Canada
D: M	Directorate: Marketing
DDG: EDTM	Deputy Director-General for Economic Development, Trade and Marketing
DAFF	Department of Agriculture, Forestry and Fisheries
DEXCO	Departmental Executive Committee
FAO	Food and Agriculture Organization of the United Nations
NAMC	National Agricultural Marketing Council
ODGs	Other government departments
PDA	Provincial Department of Agriculture
RoD	Records of Decisions
RTA	Round Table Africa
VCRT	Value Chain Round Table
WG	Working Group

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1. INTRODUCTION

The concept of commodity round tables has its roots in Quebec, Canada. Commodity chain round tables are less formal arrangements than associations and bring together participants from different sectors of a chain for *ad hoc* meetings. The government provides secretariat services. Although the organisation of the round-table meetings of chain participants is done by government; it is important that government officials avoid requests to take on leadership and confine themselves to providing support and coordination. A commodity chain round table may consist of representatives of producers, processors, distributors and government agencies.

Commodity round tables generally bring together people who do not always have mutual interests and permit them to establish business contacts, improve business linkages and possibly identify the advantages of working together. In South Africa however, it should be cautioned that this type of associations and meetings may be construed by competition authorities to constitute uncompetitive and collusive behaviour.

Agriculture and Agri-Food Canada (AAFC, 2008) together with Round Table Africa (RTA, 2009) define Value Chain Round Tables (VCRTs) as a forum that brings industry leaders from the different nodes of the value chain together to coordinate processes aimed at resolving value-chain problems with the purpose of enhancing value-chain competitiveness and meeting consumer needs. Value-chain round tables provide a platform for private sector and government partners to build and implement joint action plans for market success over the medium to longer term. A round table will include key role players such as input suppliers, researchers, producers, processors, further processors, retailers, exporters, government and others to build a shared understanding of their competitive position and to create consensus on how to improve it, and put plans into action (Fig. 1). The concept of VCRTs represents an effort by the department to use the five-year experience accumulated through the analysis of commodity value chains and elevate it to a different level. VCRTs are sector specific and are able to focus intently on exactly what their affected individual value chains need to do to achieve long-term global success for all players.

A study by the Food and Agriculture Organization (FAO) (2008) indicates that consumers of different agricultural products across the world and in South Africa are demanding safer, better and healthier food products. Consumers demand more product variety and greater innovation, which no individual player can provide on his own, hence the need for partnerships and cooperation. This reality demonstrates the importance of efficient and competitive value chains. This type of cooperation envisaged can create a tremendous advantage for South Africa over its competitors and is therefore the focal point of the VCRT initiative.

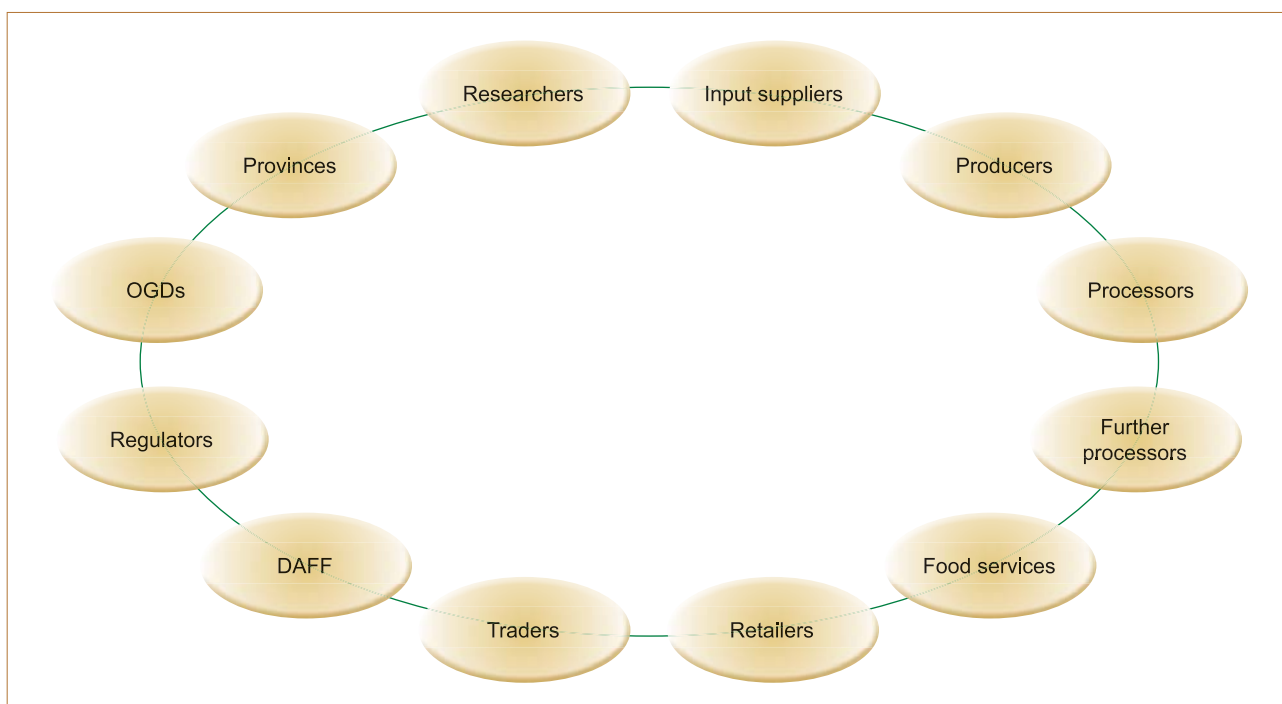


FIG. 1 Operations of a Value Chain Round Table

While recognising and acknowledging current efforts by various industrial forums in creating different platforms to address and implement a shared strategic vision for their sectors, much is yet to be achieved through this initiative across South Africa's diverse industries.

2. RATIONALE

The establishment of commodity or industry-specific round tables that involve participation from across the value chain is hereby proposed in order to build a strengthened industry-government partnership and minimise the fragmented consultation by industrial bodies. VCRTs will provide a platform or a forum for private sector and government partners to build and implement joint action plans for industry and country success over the medium to longer-term period.

Through research and analysis, round tables will jointly implement initiatives in the areas of, for example, food safety and quality, the environment, innovation, market access, regulations and others. Round tables will also identify an enduring competitive advantage for all players and how best to utilise this for the benefit of the sector or subsector concerned.

Another key reasoning behind the establishment of VCRTs is to provide an opportunity for industry-led solutions to industry identified problems/constraints with discussions being country focused and not company focused. This forum/platform will also provide an opportunity for the government to consult with industry on various issues relating to policy development, commodity strategies, legislative reviews and other key issues and *vice versa*.

Other reasons advanced for the establishment of VCRTs are the following:

- Improve effectiveness and regularise government-industry interaction;
- Manage fragmented relations between government and the industry;
- Provide a platform for review and implementation of commodity strategies for the benefit of the sector;
- Improve collaboration along value chains and maximise domestic action so as to gain a competitive advantage internationally;
- Through research and analysis, develop strategies to implement initiatives aimed at improving the sector/subsector's competitive position;
- Provide an effective mechanism for developing industry-government responses to industry crises;
- Develop and implement action plans to improve the position in existing markets and gain access to new markets; and
- Address key priority issues in key priority subsectors of different industries in South Africa.

3. AIM AND OBJECTIVES OF VCRTS

3.1 Aim

To foster collaborative industry-government action that helps to secure an enduring global advantage without limiting the round table to issues and developments that are external to South Africa. The round table will consider domestic sectoral development activities as they directly impact on South Africa's global competitiveness and its reputation as a food supplier.

3.2 Objectives

- Create a formal platform to address key industry challenges and constraints and utilise opportunities for the benefit of the sector or subsector;
- Set goals and targets which, if achieved, will strengthen the sector's competitive position and enhance South Africa's overall capacity to meet the changing demands of both domestic and international markets;
- Build the maximum degree of agreement possible on the development and implementation of coordinated action plans to achieve set goals and targets;
- Track progress on implementation of agreed actions and thereby ensure results;
- Develop and implement strategies and initiatives aimed at securing and utilising the country's competitive advantage;

- Enhance the country's competitiveness and participation in the global marketplace;
- Provide input to the development and implementation of government's agriculture, forestry and fisheries policy, in particular pertaining to international trade, food safety, traceability, science and innovation;
- Round tables may develop mechanisms to collaborate with other sector round tables to address mutual issues and priorities.

4. BENEFITS OF VCRTS

Some of the benefits of VCRTs are the following:

- Opportunity to develop solutions to frequent dilemmas (e.g. transportation, labour, market access, energy challenges, etc.);
- Access to a network of extensive knowledge and experience;
- Opportunity to address food safety concerns and potential mitigation strategies;
- Advocacy for improved trade conditions;
- Sectoral cohesion-chain participants are reaching joint approaches;
- Guiding and directing research;
- Building relationships and trust;
- Providing industry leadership on industry solutions;
- Influencing policy and strategic development.

5. TERMS OF REFERENCE

The section indicates the terms of reference that guides the thinking and focus leading to the establishment of the VCRTs. Below are some of the key issues that can be considered for discussion and debate in each round table (the list is not conclusive):

- Joint development and implementation of commodity strategies to meet industry and government objectives, e.g., Zero Hunger, New Growth Path, IPAP, etc.;
- Market access;
- Value addition;
- Domestic and global competitiveness/chain efficiency and effectiveness;
- Regulatory policy;
- Policy development and review;
- Environmental and energy issues; Transportation/logistics issues;
- Domestic demand and supply issues, including stock levels;
- Trade (export-import situation);
- Any other relevant issues posing a threat to the survival of an industry.

In the establishment of VCRTs, the following subsectors can be prioritised (while opening a window for other subsectors to request a VCRT) on the basis of their contribution to the gross value of agricultural production and relative importance in the agricultural economy:

- Red meat;
- Grains;
- Horticulture/fresh produce;
- Poultry;
- Pork;
- Dairy;
- Sugar;
- Cotton;
- Forestry; and
- Fisheries.

6. REQUEST FOR A VCRT

- Role players in a particular industry value chain should formally lodge a request to the Deputy Director-General: Economic Development, Trade and Marketing (DDG: EDTM) through the Office of the Director-General indicating their interest and intentions to establish a VCRT;
- In the absence of a request to establish a VCRT by the industry players, the department will prioritise the subsectors on the basis of relative importance in the agricultural economy and encourage and advise industry players to initiate a round-table or value chain network;
- The request shall indicate support and willingness to participate from individual participants who best represent perspectives from across the value chain (e.g., input suppliers, producers, processors, retailers, etc.);
- The office of the DDG: EDTM shall thereafter consider the request and respond back to the applicant/s of that particular industry;
- Upon acceptance of the proposed VCRT by DAFF, the applicant/s should be provided with a letter of acceptance, proposal for the first sitting and the venue for the sitting. It is during the first sitting of the VCRT that the agenda for the round table can be determined;
- All stakeholders involved in a proposed VCRT, including DAFF and related/affected departments, will be informed in writing of the establishment of a VCRT.

7. MEMBERSHIP CRITERIA AND PROCESS

Membership composition will evolve in accordance with the round table's needs in light of its particular strategic priority directions and will undergo periodic review to ensure full and balanced representation of value-chain interests.

- Each round table will be headed by two co-chairs: an industry co-chair selected from the members of the VCRT, and a Deputy Director-General appointed by the DAFF. The co-chairs' responsibilities are to ensure that the strategic priorities and issues identified by the VCRT members are addressed and advanced by the round table's working groups or other *ad hoc* committee/s.
- Members may send an alternative to a meeting, subject to approval by the co-chairs, and provided advance notice is given to the Secretariat at least five business days prior to the meeting.
- Any member may nominate a new round table member by presenting the name and a brief biography to the VCRT Secretariat three weeks prior to the meeting, to enable distribution to the co-chairs. An item entitled 'VCRT Membership' will be added to the agenda, at which time the nomination(s) will be discussed. The final decision on membership matters rests with the co-chairs. In addition, co-chairs may occasionally request advice from a committee of VCRT members on matters relating to membership review and development.
- Resignations should be given directly to the relevant co-chairs, with a copy to the VCRT Secretariat. It is the co-chairs' discretion to drop a member who does not demonstrate a commitment to the VCRT process either through routinely missing meetings and/or not fulfilling their action item commitments. A member who misses two consecutive meetings may be regarded to have retired from the round table, unless the co-chairs and member mutually agree otherwise.
- From time to time industry and government observers may be invited to attend part or all of a round table meeting. Observers should be approved by one of the co-chairs while a list of permanent observers may be approved by the co-chairs and be subject to periodic review. The round table may invite guest speakers to provide information, insight or to participate in the dialogue.

The criteria for membership to a VCRT are as follows:

- Members should have direct experience and knowledge of the relevant industry;
- Members should bear an actual business risk in the sector;
- Members may be from relevant industry associations if they have an in-depth knowledge of the industry, engage their networks, have the administrative capacity to broadly disseminate information to and from their members to advance VCRT objectives and initiatives; and
- Members may be from other government departments and/or agencies if their work is engaged in areas of relevance and value to the round table.

8. MODUS OPERANDI OF THE VCRTS

It is hereby proposed that the operations of a VCRT be as follows:

- All sittings of VCRTs shall be facilitated by a chairperson (DDG: EDTM representing the government) or a co-chairperson (elected by value chain players). Depending on the extent of participation by value-chain players, other Deputy Directors-General may be utilised as chairpersons of some of the value-chain networks;
- All chairpersons and co-chairpersons of VCRTs will meet with the Director-General and Deputy Minister/ Minister once or twice a year;
- The co-chairperson will become the chairperson of a VCRT in the absence of the chairperson;
- The government (the Executive Assistant to the DDG: EDTM and an official from the Directorate: Marketing) will provide secretariat services to all VCRTs and Working Group (WG) sittings. The secretariat will also be responsible for all logistical arrangements for sittings and communication with affected stakeholders;
- Findings and recommendations from WGs will be communicated to the VCRT through the co-chairperson;
- Records of Decisions (RoD) taken from the previous sittings will be circulated to all VCRT members and observers (within three weeks after the sitting) for inputs, correction and for their reference and use, which should include a list of action items for that particular meeting;
- Once the RoD has been adopted and approved, a Public Bulletin will then be developed by the Secretariat and distributed to all affected stakeholders *via* e-mail and posting on relevant websites.

In addition to the full round table meetings, WGs may be established as required tools to continue work between full meetings. The mandate, membership and lifespan of these WGs will be determined by the respective round tables. WG chairs are selected by the roundtable co-chairs on the basis of interest, experience and understanding in the subject area. The composition of the WGs is not restricted to VCRT members but open to those with expertise. WGs may draw broadly on external participation as they regard as necessary to fulfil their mandates and carry out their approved activities. WG leadership will be subject to periodic review by the co-chairs.

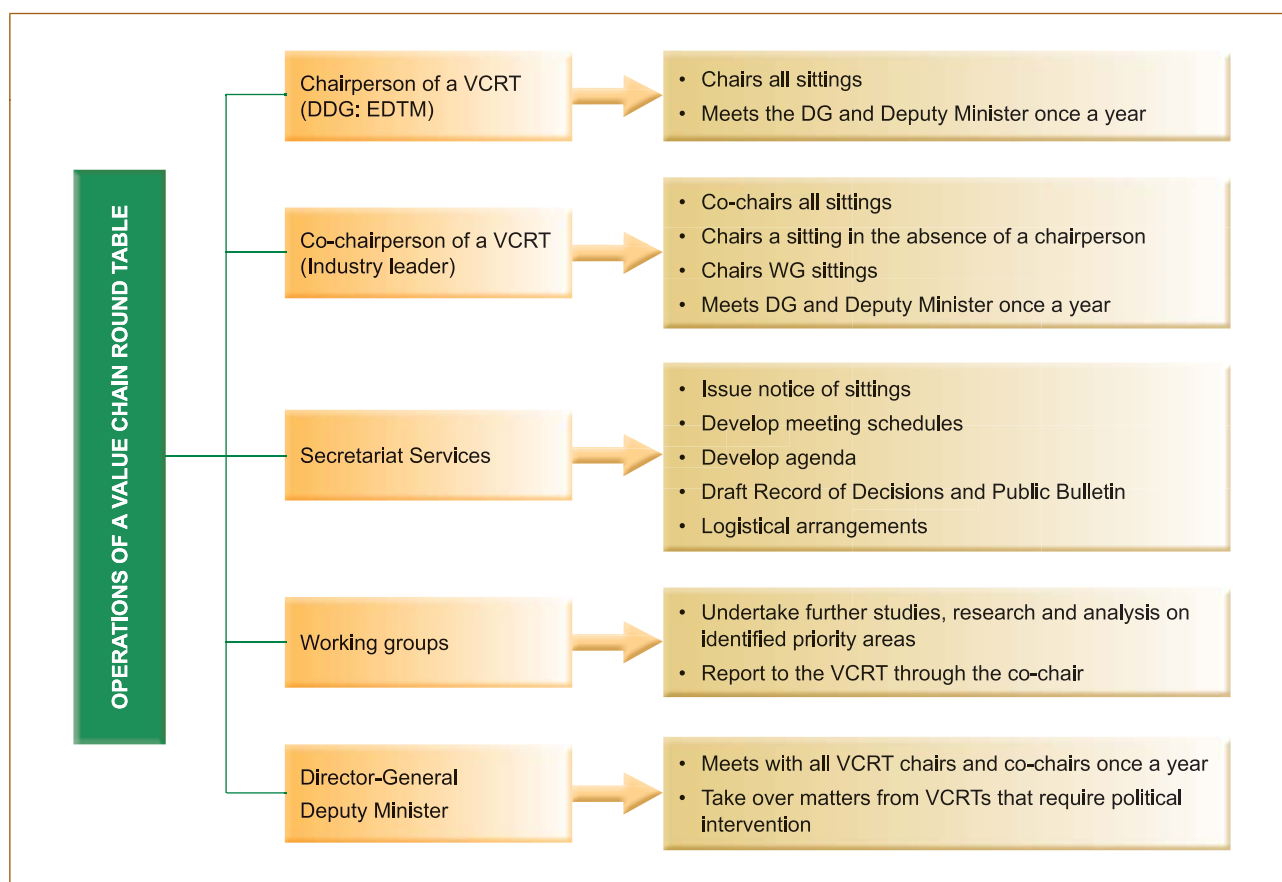


Fig. 2 Operations of a value chain round table

Action items and timelines and assigned leads will be generated during the course of each VCRT meeting to guide round table action between meetings and to ensure progress towards achieving round table objectives. Action items should be reviewed by all meeting participants to ensure that the intent is captured properly, and to agree on timelines.

Progress on all outstanding action items from previous meetings should be reviewed at the beginning of each round table meeting.

The round tables are expected to be an ongoing forum for industry-government dialogue and collaborative action. It is expected that the round table will meet at least once a quarter and, in exceptional circumstances, twice a quarter to address burning and urgent issues. As the round table evolves, less frequent meetings may be required. The operations of a VCRT are summarised in Fig. 2 on the previous page and will function within the ambit, prescripts and general guidelines provided for in the department's Stakeholder Engagement Strategy.

9. FUNDING MECHANISMS

In order to optimise the effectiveness and efficiency of industry-government meetings, the following guidelines will be applied to VCRT meetings:

- DAFF will co-fund the operations of VCRTs by incurring the costs of logistical arrangements, secretariat services, food and rental of venues for all sittings, utilising the budget of the Deputy Director-General: Economic Development, Trade and Marketing;
- The costs of industry participants will be borne by the company/association/industry concerned;
- Other government departments will be responsible for their own representatives' costs for attending meetings; and
- Provincial governments will fund travel expenditures for their public servants.

10. RISKS AND MITIGATION MEASURES

Key risks	Mitigation measures
Industry disengages from round tables.	<ul style="list-style-type: none"> • Industry leadership to identify priority issues and lead on results, • Maintain balance between short-term action and long-term strategic positioning, • Dynamic leadership through strong co-chairs.
Momentum of round table stops.	<ul style="list-style-type: none"> • Strategic framework for each table, with identified achievable action items and expected progress, • Allocation of necessary industry and government resources to achieve results, • Periodic membership renewal, • Realistic expectations of round table capacity and timelines.
Industry/government dialogue becomes ineffective.	<ul style="list-style-type: none"> • Active participation by the right industry and government people, • Follow-up to commitments, • Reinforcement of VCRTs by senior management.
VCRTs become a producer lobbying forum.	<ul style="list-style-type: none"> • Government must 'push back', when necessary, • Judicious use of round tables.
Lack of political support and commitment from Senior Management.	<ul style="list-style-type: none"> • Ensure support through the line function, DEXCO and from Deputy Minister and Minister before implementing the VCRT model.
Poor communication and coordination.	<ul style="list-style-type: none"> • DDG: EDTM to ensure that Secretariat communicates with all affected stakeholders and RoDs and Public Bulletins are issued on time.

11. COMMUNICATION APPROACH

Individual members will be expected to report to the round table as a whole on the status of agreed actions. In addition, it is expected that members will provide periodic updates to their respective, sponsoring organisations.

A *Public Bulletin* will be developed by the Secretariat so as to ease communication and dissemination of information. It will also provide an executive summary of the key discussions, recommendations, resolutions and way forward after each sitting. The bulletin will contain no commercially confidential or sensitive information and will be posted on the department and other relevant websites.

The Secretariat will provide an RoD written account of round table and WG meetings to distribute the approved minutes of the VCRTs and WGs and an approved schedule of meetings to the affected stakeholders via electronic mail, fax and post within three weeks of the sittings. The document will include meeting participants, summaries of presentations, key discussion points contributing towards the round table's decisions and agreed action items. The RoD is for the use of members of the respective round table, as well as consultation with implicated government departments, and is not for further distribution without the consent of the round table chairpersons.

DAFF will also be responsible for any reporting within the department on matters that it regards as appropriate to advance its work on industry priorities.

The industry co-chair may, on behalf of the round table, write letters to senior government officials advising on decisions, recommending action, or conveying the respective round table's perspective on any issue of concern.

12. ROLES AND RESPONSIBILITIES

12.1 Department of Agriculture, Forestry and Fisheries

- The Deputy Director-General: Economic Development, Trade and Marketing participates as a co-chair of the VCRTs with a co-chair from industry;
- Provides secretariat services and logistical support for all sittings. This role will include coordination of all elements contributing to round table and WG meetings, communication with invited participants, reporting on round table and WG decisions and action items, conducting similar functions relating to cross-sector meetings or committees; and
- Develops a Public Bulletin for distribution of resolutions and recommendations of the VCRT sittings, in consultation with industry players.

12.2 Provincial departments

- Participate in the VCRT at the level of a Chief Director or Deputy Director-General as and when required as determined by the availability of that commodity or product in that province; and
- Disseminates information on the outcomes of all VCRT sittings to all affected parties within the province.

12.3 Other government departments

- Participate in the VCRT as and when invited to do so; depending on the need and the subject/s under consideration by a VCRT or WG; and
- Disseminate information on the outcomes of VCRT sittings to all affected parties within their organisations.

12.4 Industry

- One of the CEOs/President of a commodity association or grouping or company will serve as the co-chair of a VCRT (elected among industry players on the basis of the reputation, knowledge and networks that the individual commands within the industry); and
- Participate actively in the VCRTs and WGs and help to identify priority issues for the VCRT.

12.5 VCRT co-chairs

- Convene and lead meetings of the VCRTs;
- Ensure that all value-chain perspectives are heard;

- Guide VCRT members to pursue interests in a manner that serves the well-being of the entire value chain;
- Set VCRT agendas;
- Approve VCRT RoDs;
- Review VCRT membership in consultation with round table members and make adjustments to ensure that all points in the value chain are represented;
- Provide guidance, advice and direction to WGs in carrying out the instructions of the round table; and
- Represent the round table at annual meetings with the DG/Deputy Minister/Minister to report on the priorities and activities of the VCRT and to discuss industry-government partnerships.

12.6 Members of a VCRT

- Members should be able to look beyond their own specific issues to make broader linkages with the full value chain and anticipate emerging and niche opportunities and challenges;
- Members must be willing and able to attend approximately two meetings a year, with the possible addition of several WG meetings and/or teleconferences;
- Members should consult their colleagues in advance of round table meetings to discuss upcoming agenda items, and bring these ideas and opinions to the round table; and
- Members must disseminate (non-confidential) information collected at the round table to colleagues after meetings.

12.7 Round table WGs

A round table reserves the right to establish a WG/s to further pursue and research the priorities identified by the round table. WGs are established at the recommendation of round table members to address specific policy, programme or market issues identified for action by the round table. The type of work that may be undertaken by WGs includes research, consultations and/or outreach.

- WGs will be established on a needs basis and chaired by a reputable industry leader who may not necessarily be a VCRT chair/co-chair;
- A participant does not need to be a member of a VCRT to participate in a WG, industry members can nominate themselves or their colleagues to participate in these WGs;
- The WG chair is responsible for populating the WG team, developing the agenda and ensuring the implementation of the WG workplan/s, in consultation with the round table co-chairs;
- WGs report back to the full round table and will be chaired by the co-chairperson or a full member of the round table.

12.8 Panel of experts

- Depending on the agenda, the round table may benefit from the participation and expertise of individuals who are not formal members;
- As appropriate, private and public sector experts may be made available to the round table or its WGs to inform and guide their discussions and therefore assist in the development of strategies and solutions.

12.9 Research institutions

- Undertake demand-directed applied research in support of a particular industry as and when required; and
- Provide research findings to the VCRT within an agreed time-period.

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NOTES

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