



Course Simulation 1

Multi-stakeholder Collaboration in Agricultural Value Chains

Simulation Exercise

Facilitation Guide

ERLN is an initiative of

GTAC Analyse
Assess
Activate
Strategic & Technical Advisory

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Introduction

This simulation exercise explores the dynamics between different interests in an agricultural value chain in South Africa and how policy objectives such as competitiveness and economic inclusion can be advanced through collaboration between such different interests.

It focuses on a hypothetical South African value chain for an agricultural product called Geelkruid. The Geelkruid value chain as described in the exercise has many characteristics of the Rooibos value chain, but is also different in important ways.

It was developed as a group exercise for a course focused on collaborative leadership in agricultural value chains.¹ It is, however, an exercise that can potentially be used in a variety of settings where multi-stakeholder collaboration for economic development is being taught or explored.

Purpose

The purpose of the exercise is as follows:

- To build understanding of agricultural value chains with an emphasis on the relationship of the different value chain components to each other and on optimising positioning in the value chain;
- To help participants test out and consolidate collaborative leadership concepts and skills in a simulated multi-stakeholder environment;
- To promote positive understanding of the different perspectives in a value chain by enabling participants from particular sectors (such as government officials) to put themselves in the shoes of representatives of other sectors;
- To enable participants to explore how public policy can assist the development of key agricultural value chains at local, regional and national levels.

Some underlying questions

Key questions that the exercise explores include:

- How can local stakeholders in the value chain work together to protect local competitive advantage and rights associated with local products?
- How can stakeholders collaborate to grow markets for the product locally and internationally and capture a larger part of value adding activities?
- How can small farmers and small processors work together to increase leverage and bargaining power in relation to foreign brokers and a dominant local player?
- How can stakeholders collaborate to support and exploit innovation in the sector?

¹ The Executive Course “*Collaborative leadership for regional economic development*”, hosted by UCT’s Graduate School of Development Policy and Practice (GSDPP) in collaboration with the Economies of Regions Learning Network (ERLN) and the Government Technical Advisory Centre (GTAC) in the National Treasury, took place on 24-26 August 2015 in Somerset West.

Process

Overview

The exercise comprises three sessions - an introductory session, a negotiation session and a feedback session. Each session requires approximately 90 minutes to complete.

The Groups

- Participants are broken into groups of 7 people per group. Each group will be seated at a round table or in a breakaway room.
- Each person in the group will be given a role by randomly selecting the role card from an envelope provided. (A copy of role cards describing each role is attached. Each group should be given an envelope containing 1 copy of each card at the start of session 1 and session 2.)
- The seven roles are:
 - 1 x Government Representative (facilitator)
 - 1 x Product Innovator/Researcher
 - 1 x Emerging Farmer
 - 1 x Commercial Farmer
 - 1 x Dominant Processor
 - 1 x Integrated Small Processor
 - 1 x Worker Representative.
- A facilitator may be appointed for each group although this is not necessary. The facilitator will be allocated the role of the government representative where one is appointed. If there are only 6 people in the group, the facilitator/government representative role can be done away with. If there are less than 6, some roles can be merged. If there are more than 7 people, roles can be shared. For example, there can be two commercial farmers or worker representatives.

Session 1 - Understanding the Value Chain

1. The Session Director introduces the exercise and its purpose (5 minutes).
2. Session Director takes people through the Industry overview. A copy of the overview is attached (Sheet 1). Each participant is given a copy of the overview (10 minutes).
3. Table facilitator then circulates the envelope with role cards. Each participant randomly takes a card from the envelope. This allocates the roles. Each participant introduces themselves in their new role (5 minutes).
4. Session Director explains the tasks (5 minutes). The Session Director should use the following introduction: *“Government recognises the important role of the industry and wants to support it in a more proactive and useful manner. Government wants the following from the industry:*
 - *It wants it to become more export focused.*
 - *It wants to increase local beneficiation and value-add.*
 - *It wants it to become more inclusive.*

The Minister has invited the industry role-players to a meeting to discuss the future of the industry. It has asked role-players in the industry to meet to do the following in preparation:

- *To map the Geelkruid value chain with a view to highlighting opportunities and challenges in*

the industry in the context of these 3 government objectives.

- **Task 1 Prepare a value chain map on one sheet of newsprint using the Value Chain Infographic.**
 - **Task 2 Prepare an agenda of critical issues for role-players to discuss on one sheet of newsprint.**
 - *To make proposals for a representative structure for the industry with whom government can engage to address the issues.*
 - **Task 3 Prepare a proposal for a representative inclusive structure of role-players.”**
5. Groups complete Task 1 (25 minutes)
 6. Groups complete Task 2 (15 minutes)
 7. Groups complete Task 3 (20 minutes).
 8. Session Director runs a quick plenary reflection on what was learnt (5 minutes). *One way to do this is to ask each group to reflect for 2 minutes on what they learnt and to share this in plenary.*
 9. Each group then sticks its 3 completed pages on wall. There is no plenary feedback at this stage about their conclusions.

Session 2 - Building Collaboration

In the second session, the Minister (via the Session Director) announces that she is making R50 million available to the industry to assist it to meet government's objectives. She says she is inviting industry role-players to make proposals about this money can best be used to help achieve the objectives. She would prefer the proposals to be as inclusive as possible of industry role-players, but this is not required. She is also clear that the role-players also need to make a significant contribution.

The groups are told that they will have 5 to 10 minutes each to pitch their proposal to a panel of experts in the third session.

It is useful to establish some simple evaluation criteria to assist the groups and the panel. A simple formula could be:



<i>Criteria</i>	<i>Description</i>	<i>Score</i>
Collaboration	Did the pitch demonstrate collaboration? Did the pitch acknowledge shared interests while respecting differences? Did it involve a contribution from all of the stakeholders?	30
Extent of innovation	Did the pitch demonstrate bold, fresh out of the box thinking? Did it advance the value chain discussion or merely repeat conventional wisdom?	30
Strategic coherence	Did the pitch have clear underlying change logic? Was there evidence that definite choices were made about the preferred approach? Were the proposals feasible and realistic?	30
Quality of presentation	Was the presentation clear, lucid and compelling? Did the audio-visual material contribute to getting the message across? Did the group find a way to involve all its members?	10
		100

The task therefore is to develop an approach to how best to use the R50 million to leverage change in the industry. Different role-players will need to indicate what they can bring to the party. Ideally, a single common strategy should be agreed.

The process is as follows:

1. Each person at the table is given a separate confidential sheet outlining their approach, interests and indicating ideas and potential alliances.
2. Group discussion to agree a proposal for moving the industry forward. This should highlight 3 priority issues, indicate a strategy for addressing them and link back to government's 3 objectives.
3. One speed-dating time-out (where each member has an opportunity to caucus one on one with each of the other role-players to determine where there is common ground or potential deals) or caucus break may be allowed, if requested.
4. Where the group becomes stuck and can make no progress, sub-groups may be established to develop their own proposals but groups should be pushed to agree a common approach.
5. Once a proposal has been agreed, groups should prepare and rehearse a 5-10 minute pitch to the panel.

This session should be allocated at least 90 minutes. However, groups typically require longer than this and are generally prepared to work outside of official hours to complete the task.

Ideally session 3 should only happen on the next day of the event to allow enough preparation time.

Session 3 - The Pitch

The third session involves each of the teams making a pitch to an “expert panel”. The panel should ideally comprise speakers at the course or members of academic faculty, if a university is involved. Each group delivers a 5 to 10 minute presentation outlining their proposals for making the value chain more export focused, increasing local beneficiation and value-add, and making it more inclusive. The amount of time given to each presentation will be determined by the overall time available.

The panel then evaluates the pitches based on the criteria and selects a winner. It makes evaluative comments to the group and announces the winner.

The session would be concluded by some reflection on the learnings of the session. This might involve asking each group to identify 3 learnings about collaboration and value chains and to share these in plenary.

The timing of the process would then be as follows:

- Introduction and Recap by Session Director (10 minutes)
- Group presentations (60 minutes)
- Expert panel adjudication and feedback (15 minutes)
- Debriefing (15 minutes)

Tips

A few tips from the experience with running this exercise:

- Participants can get so into their roles in session 2 that they become an unreasonable and confrontational stereotype of their role. They can find it quite difficult to act in a collaborative way as intended. As Session Director, remind participants that they need to act out the role in a way that is open to collaboration. Remind them of the qualities of a collaborative leader.
- Groups can get quite technically focused on the detail of costs and prices. There is some benefit in this, but the focus of the exercise is on collaboration and finding ways to create a win-win deal that benefits all the local role-players in the value chain. This approach requires a big picture rather than a detailed approach. The Session Director should remind participants of this.

Sheet 1

Geelkruid Value Chain - An Overview

(Handed to all participants at the start of the exercise)

Introduction

- Geelkruid (yellow herb) is a natural plant indigenous to the western Eastern Cape. It was used traditionally as a medicine.
- A process for processing the natural Geelkruid into a tea was developed 100 years ago and Geelkruid has been processed and sold commercially since then. The Geelkruid market was small and local until the 1980s.
- Attempts to grow Geelkruid commercially outside of its natural biome have not succeeded. The region thus has a natural monopoly in the growing of the plant.
- Demand for Geelkruid Tea has increased dramatically over the past thirty years. Its non-caffeine and high anti-oxidant qualities together with its subtle taste have made it a popular “healthy alternative” to coffee and Ceylon tea across the world. Production has increased steadily from 1 000 tons (1 million kgs) in 1985 to 10 000 tons (10 million kgs) in 2015.
- However, this increase in production has come with its challenges. The increasing number of hectares under Geelkruid cultivation has resulted in the destruction of significant areas of local fynbos and has compromised the rich bio-diversity of the area. This is becoming an important and controversial issue.

The product

- Once farmers harvest the Geelkruid crop, they typically do some initial drying on the farm. The bulk tea is then usually taken to a processor/distributor, who completes the fermentation process and then cleans and refines the basic tea product.
- There is some differentiation in the quality of the crop depending largely on where it is grown. As production has increased, the availability of optimal locations for production has decreased and a growing quantity of Geelkruid is now grown in sub-optimal locations. There is some concern in the industry about maintaining quality. Some role-players even argue that the product must meet a certain quality standard as well as being produced in the geographic area to call itself Geelkruid.
- In addition, members of the Renosterkloof Community Co-operative (RCC) harvest a small amount of wild Geelkruid. This has a distinct flavour that is prized by connoisseurs.
- There have been a number of ways in which farmers have tried to differentiate their product to increase their value-add. An increasing number of farmers are using organic farming methods. They receive significantly more than the standard market price for certified organic Geelkruid tea. Similarly, more farmers seek to comply with the requirements of Equitable Trade (ET). Both commercial and community/emerging farmers potentially qualify for this certification provided they meet certain social responsibility requirements. The ET Foundation guarantees certified ET farmers a minimum price of R 1 100 per ton.
- The tea processors and distributors have also tried to find ways to differentiate their products through branding and packaging to add value and achieve premium prices. A big emerging trend is blended teas.

- A few farmers have also tried to create their own processing and distribution channels in order to capture as much value add as possible.
- In addition, Geelkruid is increasingly used as an ingredient in a number of other types of products including alcohol (Geelkruid Liqueur), soaps and toiletries, pharmaceuticals and health products as well as iced teas. These products however only use a small part of the Geelkruid crop. They also typically use lower quality crop whose price is significantly lower than the price farmers get for high quality bulk product for the tea market. Increasingly, these initiatives are driven by entrepreneurial farmers looking to add value to the product on their farms.
- In South Africa, the packaged tea is largely sold through large retail chains. In America, specialty stores are very important although large retailers increasingly stock brands of Geelkruid.

The industry

- There are 400 commercial farmers producing Geelkruid Tea. 95% of them are white and there has been very limited land reform in the sector. Because of the relatively dispersed nature of Geelkruid farming and the distances from markets, a farmer needs considerable amounts of capital to break into the sector. A current challenge in the industry is that the majority of commercial farmers, particularly those that are smaller, are struggling to break-even given falling revenues and rising costs.
- There are 100 emerging farmers who have grouped themselves in the Renosterkop Community Co-operative (CC) based in the settlement of Renosterkop. Some members only do wild harvesting. However, the majority are small farmers using either mission station communal land or land returned to them under restitution. The RCC has strong links with the Equitable Trade (ET) Foundation that provides training and helps them secure markets for their products. They tried to establish their own processing company, but it was unsuccessful and was liquidated.
- There are 7 major entities that process and pack Geelkruid into loose tea and teabags.
- One processor, Geelkruid Unlimited (GU), dominates the industry and processes more than 75% of the Geelkruid crop. It was originally established during the 1940s as the Geelkruid Control Board that was responsible for selling the entire Geelkruid crop and providing other services to the industry. This enabled it to create price stability. It was privatised in 1993 and now functions as a wholly commercial entity. It provides an extensive range of technical services to the farmers and processes, packs and distributes the tea. The economies of scale give it considerable cost advantages over smaller processors and distributors. Many of the smaller processors complain that GU engages in price wars in order to undermine competition. Two of the secondary processors have recently applied for business rescue.
- Because GU controls such a large percentage of global production, it is able to manage supply and demand to partially offset price-fluctuations.

The market

- 50% of Geelkruid tea by volume is consumed in the South African Market, whereas 50% is exported. 80% by volume of these exports are unpackaged and unblended bulk tea.
- The US market is the largest international market by far. 70% of all Geelkruid exports go to

the US market. India is emerging as the most important new market and now represents 11% of Geelkruid exports.

- Despite its relative scarcity and the growing demand over time, the price for bulk Geelkruid tea is linked to the global Ceylon tea price. Some argue that American brokers have a very strong impact on setting the global price. There is a major difference between the bulk price and the retail price in the USA. There is some unhappiness in the industry as to why a much higher price for bulk Geelkruid tea is not achieved, given its relative scarcity and South Africa's production monopoly.

Price and volumes schedule

Average bulk prices and costs per ton for loose tea in 2014/2015

Quality	Price per metric ton	Cost per metric ton	Average profit per ton
Standard	R 100	R 91	R 9
Organic	R 130	R 115	R 15
Equitable Trade	R 150	R 115	R 35
Organic/ET	R 170	R 130	R 40

Average retail price per 100 g of packaged loose tea (in 2015 prices)

Quality	South Africa	United States
Standard	R 25	R 50
Blended	R 40	R 80
Organic/ET	R 50	R 100

Transport costs to the US add about R 2 per 100 g with bulk export and R 9 per 100 g box where it is packaged in SA. Packaging in South Africa costs R 2 per 100g box on average compared to R 5 if it were packed in the United States.

Note:

Note: This is an invented simulated scenario created for the purposes of understanding how value chains work in practice and how parties in the value chain can collaborate to achieve individual and common goals. There are similarities between the Rooibos value chain and the simulated Geelkruid scenario. However, there are also important differences. Many of the complexities and subtleties of an actual value chain have been simplified. Some of the typical conflicts and differences of interest between parties have also been exaggerated for the purpose of the exercise.

Sheet 2

Briefing Note for Session 1

Mapping the value chain

(Handed to all participants at the start of Session 1)

Background

Government recognises the important role of the industry and wants to support it in a more proactive and useful manner.

Government wants the following from the industry:

- It wants it to become more export focused.
- It wants to increase local beneficiation and value-add.
- It wants it to become more inclusive.

Task

The Minister has invited the industry role-players to a meeting to discuss the future of the industry. It has asked role-players in the industry to meet to do the following in preparation:

- To map the Geelkruid value chain with a view to highlighting opportunities and challenges in the industry in the context of these 3 government objectives.
 - *Task 1 Prepare a value chain map on one sheet of newsprint using the Value Chain Infographic.*
 - *Task 2 Prepare an agenda of critical issues for role-players to discuss on one sheet of newsprint.*
- To make proposals for representative structure for the industry with whom government can engage to address the issues.
 - *Task 3 Prepare a proposal for a representative inclusive structure of role-players.*

Process

1. Introductory briefing (20 minutes)
2. Table facilitator then circulates envelope and allocates a role to each participant. Each participant introduces themselves in their new role (5 minutes).
3. Task 1 (25 minutes).
4. Task 2 (15 minutes).
5. Task 3 (20 minutes).
6. Group sticks its 3 pages on wall.
7. Quick plenary reflection on what was learnt.

Sheet 3

Briefing Note for Session 2 Proposals for Value Chain Transformation

(Handed to all participants at the start of Session 2)

Task

Minister announces that she is making R50 million available to the industry to assist it to meet government's objectives. She is inviting industry role-players to make proposals about this money can best be used to achieve the objectives. She would prefer the proposals to be as inclusive as possible of industry role-players, but this is not required. However, it will be essential that the emerging farmers support any proposal.

The group or groups within the group will have 10 minutes to pitch their proposal to the panel on the next day.

The task therefore is to develop an approach to how best to use the R50 million to leverage change in the industry. Different role-players will need to indicate what they can bring to the party. Ideally, a single common strategy should be agreed.

Process

1. Each person at table is given a separate confidential sheet outlining their approach, interests and indicating ideas and potential alliances.
2. Speed-dating where each member has an opportunity to caucus one on one with each of the other role-players to determine where there is common ground or potential for alliances.
3. Group discussion to agree a proposal for moving the industry forward. This should highlight 3 priority issues, indicate a strategy for addressing them and link back to government's 3 objectives.
4. One speed-dating time-out or caucus break may be allowed if requested.
5. Where the group becomes stuck and can make no progress, sub-groups may be established to develop their own proposals. This is not ideal.
6. Once a proposal has been agreed, groups should prepare and rehearse a 5-10 minute pitch to the panel.

Sheet 4

Role Notes for Sessions 1 and 2

Please cut the notes on each of the roles below into two. These are then distributed as part of sessions 1 and 2 respectively. Each table gets a set of 7 role notes in an envelope for each session.

Value Chain Roles Description (for session 1)

The Government Representative

Your name is (Please choose a suitable name).

You are a Chief Director in the Department of Agriculture and have been appointed by the Agro-processing Inter-Governmental Task Team to facilitate change in the Geelkruid industry. Your role is to listen and to find ways to get the different parties in the industry to find each other and reach agreements to move things forward. You are very committed to industry transformation. Inclusion, innovation and competitiveness is your slogan for the industry.

Value Chain Roles Description (for session 2)

Government Representative

Your demands/proposals

Government does not intend to make specific proposals.

Your bottom lines

Government insists that any agreed proposal on the R50 million must grow the industry and make it more inclusive. While not all parties have to support an agreement, government will not support any proposals that do not have the support of the AAWU and the RCC.

Your potential allies

You want to work with all the parties and will adopt an impartial approach. You will work hard at getting all the parties to reach an agreement.

Value Chain Roles Description (for session 1)

Product innovator/researcher

Your name is (Please choose a suitable name).

You are a food scientist and entrepreneur. You have worked on analysing Geelkruid's properties and developing new uses for using it for many years at the Geelkruid Institute at Eastern Cape University. You are passionate about innovation in the industry. You are now trying to be an entrepreneur and have developed a range of Geelkruid-based iced teas for the global market. As a young black entrepreneur, you are frustrated by what you feel is the reluctance of government and the industry to support product innovation and provide capital and marketing support to black entrepreneurs in the industry.

Value Chain Roles Description (for session 2)

Product innovator/researcher

Your demands/proposals

You have a strong idea about how to use the R50 million. It should be used to create a Geelkruid Innovation Fund that makes grants and low interest loans for innovative ventures that develop new Geelkruid products that add value and have the potential to increase exports of Geelkruid products. The criteria should require that a minimum of 40% of this should be reserved for black innovators. You think that this is the best and most focused way of addressing government's export growth and inclusion requirements.

Your bottom lines

You realise that you have less leverage than the other role-players. You want some of the R50 million to be spent on projects that will support innovation and entrepreneurs.

Your potential allies

You think that almost all the parties are potential allies. You think San Tea is the most open to innovation of all the parties and hope you can forge an alliance with them. Maybe you could do a deal with them where you support them on their demands if they agree to support your iced tea venture. You also see RCC as a potential ally and partner on innovative projects.

Value Chain Roles Description (for session 1)

Emerging Farmer (representing RCC)

Your name is (Please choose a suitable name).

You are Chairperson of the Renosterkloof Community Co-operative. The RCC has 100 members. You have a small farm of 5 ha where you grow Geelkruid. You also engage in wild harvesting and manage the drying court at Renosterkloof where co-op members pool the crop for initial fermentation and drying. You are frustrated by how hard it is to make money from Geelkruid activities, despite the very hard work that you and the other members put in. You get a lot of support from the Equitable Trade Foundation and get Equitable Trade prices for your product, but it is still difficult at those prices to make enough profit to invest in making the RCC more productive and profitable. You know that RCC needs much more land to be able to really grow the business.

Value Chain Roles Description (for session 2)

Emerging Farmer (representing RCC)

Your demands/proposals

Your proposal is that R25 million be used to fund land reform. White-owned farms on good quality land in the Renosterkloof should be bought and allocated to RCC as the representative body of emerging Geelkruid farmers. The other R25 million should be used to fund RCC equity in one of the processing companies. You also propose that the wild Geelkruid that some of your members harvest should be granted an official certified Wild Geelkruid brand and that some money be used to promote this. This should help those members achieve a higher price and will enable them to further differentiate this product from the ET brand, which some commercial farmers have also achieved.

Your bottom lines

You will be very reluctant to support proposals that do not include a commitment to making land available to black farmers in the region and/or giving emerging farmers equity in the bigger value chain. You also want agreement that the Wild Geelkruid brand be given official national status.

Your potential allies

You think government and AAWU will be reliable allies. You also think that GU is supportive and may partner with you.

Value Chain Roles Description (for session 1)

Commercial Farmer

Your name is (Please choose a suitable name).

You own a medium-sized Geelkruid farm in the Baviaans Valley and head the local Geelkruid Farmers Association. You inherited the farm from your father and are passionate about farming. You are one of the more successful farmers in the area, because you are a good farmer and adopt the latest methods. However, you are very conscious of the fact that most farmers are not making money and some are deep in debt. You did try with other enterprising farmers to process the crop produced in the valley and even developed your own Baviaans Valley Geelkruid brand, but it was very difficult to deliver product more cheaply than Geelkruid Unlimited. You eventually closed it down. It was not worth it. You have created a workers trust on the farm and have given them 5% equity, but feel very cautious about land reform. You also have organic certification for half the farm.

Value Chain Roles Description (for session 2)

Commercial Farmer

Your demands/proposals

Your concern is that the price farmers receive should be improved. This makes inclusion and growth possible. You accept that there is an environmental limit to the quantity of Geelkruid that can be produced. You think therefore that the best way forward is to improve the quality of Geelkruid. Most of the money should be spent on improving the skills, equipment and facilities on the farm that improve quality. This is the best way of improving value. Because of the South African monopoly, you believe price will increase over time as demand grows while supply remains limited.

Your bottom lines

You are cautious about land reform and proposals to increase farmworker wages and working conditions, because you believe this is unaffordable to many farmers, particularly the smaller farmers. But you may support a package of reforms including land reform and better working conditions if the total package will leave farmers not worse off in terms of impact.

Your potential allies

You see great potential for building the relationship with the RCC. You also see GU as the most important role-player and want to stay on their right side.

Value Chain Roles Description (for session 1)

Big Processor (representing GU)

Your name is (Please choose a suitable name).

You are the CEO of Geelkruid Unlimited. You think of GU is the farmer's big friend. Your company processes more than 70% of the Geelkruid Crop. Your philosophy is that GU does well when the industry does well. GU consequently lobbies hard to protect the interests of the Geelkruid industry and has the financial clout to do this. Your approach to criticism of GU is that tall trees also attract the most wind. You ask why the farmers keep on coming to GU as their preferred processor and distributor.

Value Chain Roles Description (for session 2)

Big Processor (representing GU)

Your demands/proposals

In regard to improving the profitability of the industry, you propose that part of the money be used for marketing in new international markets to increase demand and therefore price. You also want some money to be used to fund a process supported by government to get Geelkruid GI (Geographical Information) status. This would mean that only Geelkruid grown in the specific region could use the name Geelkruid. You also believe that only Geelkruid meeting certain quality and environmental standards should be entitled to use Geelkruid as part of its branding and packaging. This will protect and increase the value of the Geelkruid brand and will support higher prices. GU is prepared to match this government funding from its own funds if it is satisfied that the total proposal will advance the interests of the industry. To assist inclusion, GU is committed to a shareholding scheme where RCC secures an equity share in GU. You propose that some of the money be used to fund the RCC to buy this equity. You also propose that all GU workers are involved in a share equity scheme. You suggest that farmers and processors adopt a similar approach.

Your bottom lines

You are very worried that an over-emphasis on local beneficiation could damage the industry and reduce rather than increase global sales. The international brokers know the market better than South Africans do. They create the access. You are happy to support land reform provided it is on a willing buyer-willing seller basis and a plan to improve wages and working conditions. You are against any agreement that will destabilize the industry.

Your potential allies

You need to keep government and the commercial and emerging farmers on your side. You also have good relations with AAWU and want to keep the good relationship. You pay better than anyone else in the sector.

Value Chain Roles Description (for session 1)

Integrated Small Processor

Your name is (Please choose a suitable name).

You are the CEO of San Tea, a Geelkruid processor, packer and distributor. Your company is seen as innovative and efficient and you have slowly been growing your market share. You have your own brand of high quality blended San Teas in tins focused on the local and export markets. You also process and pack for other brands. Business however has been much tougher over the past few years. The price that Geelkruid Unlimited charges for processing and packing is so low that San Tea struggles to break even on its processing and packing services. You now focus on developing your own brand targeted at elite consumers paying a premium price as the way forward.

Value Chain Roles Description (for session 2)

Integrated Small Processor

Your demands/proposals

You propose that all role-players in the industry commit to the following:

- Increasing global demand for Geelkruid tea through funding a marketing drive, both in emerging markets such as India and China but also Europe. You think the whole amount should be spent on this.
- Bringing processing, blending and packaging as close to the farms as possible. Industry role-players should work so that 80% of exports are for blended and packaged tea only and that bulk tea is reduced to 20% of exports.
- You think the role-players should work together to grow demand while limiting supply so that high value prices are achieved.
- Cutting out the intermediaries, especially the American brokers, and dealing directly with the retail chains in America and elsewhere.

Your bottom lines

You do not have strong leverage and do not want to obstruct an agreement. Your big issue is persuading other role-players to grow beneficiation within South Africa.

Your potential allies

You want to reduce the power of GU in the industry and the American brokers and are open to ally with everyone. You see the Product Innovator as a potential ally.

Value Chain Roles Description (for session 1)

Worker Representative

Your name is (Please choose a suitable name).

You are the chairperson of the Agricultural and Allied Workers Union (AAWU). You work at the GU processing plant in Port Elizabeth and are a shop steward. You are conscious that your members on the farms are poorly paid and get few benefits. You want to see better wages and conditions. You also believe that land reform is very important and that farms should be divided so that farmworkers can own a portion of the farm. Alternatively, farmworkers should get meaningful equity in the farm through a worker's trust.

Value Chain Roles Description (for session 2)

Worker Representative

Your demands/proposals

You propose that the major role-players agree a Geelkruid Charter. Only parties that sign the charter should be entitled to benefit from R50 million. The Charter should establish principles and implementation commitments to achieve the following:

- A living wage and decent living conditions for farmworkers and other workers in the chain.
- Share equity schemes for workers.
- Land allocations to farm-workers.

It should also commit signatories to local beneficiation and reducing intermediaries in the sector.

Your bottom lines

You will not support proposals that do not result in an improvement in the lives of workers. They should be the primary beneficiaries of the programmes supported by the fund.

Your potential allies

You think government and the RCC will be most supportive, but think that other parties will be supportive of your approach