



Essential & Vegetable Oils Testing Support Scheme for SMEs



Contents

Overview of scheme	2
Scheme Description	3
1. Enable producers to get access to financial support for an obtaining credible (accredited) full CoA's.....	3
2. Ensure that the scheme has a cost sharing approach.	4
3. Provide a single point of contact, providing both producers and test laboratories with a cost-effective solution.	4
4. Independently gather data in order to provide the industry the opportunity to profile the oils produced.....	5
5. Aggregate the data to fully profile the types of oils produced.....	5
6. Maximum support to each SME in any given period.....	5
7. Terms and Conditions (T&C's).....	6
8. Eligibility criteria for support.....	6
9. Application process.....	6
10. Decision review process.....	6
11. Financial Considerations	6

Overview of scheme

During the implementation of the SECO funded, UNIDO implemented Global Quality and Standards Programme South Africa project (GQSP-SA) to strengthen the quality of essential and vegetable oils (E & V oils) exports from South Africa, it became evident that one of the barriers to entry experienced by SME producers is the cost of demonstrating compliance to regulatory requirements of the target importing countries – the focus being the European Union countries.

A major cost implication of this compliance is the requirement for the SME to obtain a full and credible Certificate of Analysis (CoA) of the oil(s) in question. In practical terms the oils produced need to be tested to demonstrate the quality (physical and chemical profile) of the product and thus assure buyers of the seller's (SME) production capability. Besides this need of assurance an important and significant benefit of this testing is the price negotiation advantage that the SME gets once such a CoA is obtained.

This scheme has been developed to provide SME E & V oil producers with phased financial support, minimising the SME's financial impact for them and allowing further compliance to be obtained once a suitable revenue stream has been established.

It should be noted that the scheme has limited funding for its intended purpose and is considered a "pilot" and will support the testing of the project-focus indigenous essential and vegetable oils (see table below). The pilot will run from 01 November 2022 to 02 May 2023. Depending on the uptake and interest shown by producers, as well as the success of the process, further sources of support could be considered.

The project focus oils are:

Essential Oils	Vegetable Oils
Agathosma spp. (Buchu)	Adansonia digitata (Baobab)
Eriocephalus punctulatus (Cape Chamomile)	Citrullus lanatus (Kalahari melon)
Helichrysum ssp.	Manketti/Mangongo
Lippia	Schlerocarya birrea (Marula)
Pelargonium var Rose (Rose geranium)	Ximenia ssp.

The tests that will be supported for a CoA are as follows:

Essential Oils (CoA)	Vegetable Oils (CoA)
Density	Iodine Value
Refractive Index	Saponification Value
Optical rotation	Peroxide Value
Miscibility	Anisidine Value
Acid value	Relative Density
GC profile	Unsaponifiable Material
	Fatty acids
	Refractive Index
	Insoluble impurities
	Moisture
	Free fatty acid and Acid value

Scheme Description

The scheme has been developed to support SME producers in the GQSP-SA project focus indigenous essential and vegetable oils sector, to have their oils tested, preferably at an accredited test facility or a facility that is in the process of gaining accreditation.

The following areas were identified as the critical outcomes/objectives that the scheme needs to achieve:

1. Enable producers to get access to financial support for an obtaining credible (accredited) full CoA's.

As is noted in the introduction many small oil producers are unsure of the benefits that would accrue by having the physical and chemical properties of the oil produced tested. Recognising this stumbling block, the GQSP-SA project has undertaken to provide some financial assistance in order to demonstrate the benefits of obtaining a credible and acceptable CoA. The goal of the scheme is to work co-operatively with the producers, the test facilities, and the industry association (SAEOPA) in order to maximise the funding available from the GQSP-SA project.

As will be seen in bullet 3) below, a single point of contact has been established. This will go a long way towards achieving this goal and will provide both oil producers and the test

laboratories with a simpler and more manageable process. The confidentiality of the producer and the test results obtained is assured.

2. Ensure that the scheme has a cost sharing approach.

In order to ensure sustainability and the need to ensure that financial assistance is maximised for those SMEs producing project-focus E & V oils, it is important that a cost sharing approach be adopted.

The following table indicates how this will work. The percentage paid refers to the cost of the test that the laboratory charges bearing in mind that the total cost of an essential oil CoA is different to the total cost of a vegetable oil CoA due to the different types of tests.

CoA No.	Producer pays	GQSP-SA project pays
CoA No. 1	10 %	90%
CoA No. 2	20 %	80 %
CoA No. 3	40 %	60 %
CoA No. 4	80 %	20 %
CoA No. 5	100%	0%

To ensure that the finance that has been made available is equitably distributed, the following terms apply for those requesting assistance.

- 1) The oil must have been produced in South Africa using material originating from South Africa.
- 2) A producer may only apply for assistance for testing of the GQSP-SA project focus oils.
- 3) The scheme can accommodate a total of 40 CoAs in this pilot phase which runs from November 2022 to May 2023.
- 4) The application form must be completed in full.

3. Provide a single point of contact, providing both producers and test laboratories with a cost-effective solution.

After careful evaluation and consultation, the National Laboratory Association-South Africa (NLA-SA) was appointed as the co-ordinating partner for the scheme.

The modus-operandi for the scheme are as follows:

- 1) Producer completes the application form for having the tests conducted by one of the test laboratories that have been identified viz.
 - a. ARC (Essential Oils)
 - b. NMISA (Essential Oils)
 - c. Precision Oil (Vegetable Oils)
 - d. University of Limpopo (Essential Oils)

- 2) The NLA-SA will ensure that the tests are equitably distributed amongst the test laboratories, considering the purpose of the oil testing requested by the producer.
 - 3) The NLA-SA will place an order for the tests to be conducted and the producer will be instructed to send the sample to the laboratory.
 - 4) Producers will bear the cost of delivery of the test sample to the laboratory.
 - 5) The tests that will be supported are described above.
 - 6) No partial testing will be entertained.
 - 7) Once the tests are completed and a Certificate of Analysis (CoA) has been produced, the laboratory will send this to the producer as well as a copy to the NLA-SA for onward distribution to SAEOPA. See 4) and 5) below.
4. Independently gather data in order to provide the industry the opportunity to profile the oils produced.

One of the key aspects that this scheme is looking to provide is the collection and pooling of the data that will be reported by the tests that are conducted. To accomplish this aspect, it is a condition of the sponsorship that the results of the tests need to be provided to the NLA-SA, in addition to the producer who has requested the testing. The NLA-SA will then forward this information to SAEOPA who will be responsible for accumulating, recording and pooling this data for the specific purpose of establishing the profile of the South African produced essential and vegetable oils for inclusion in the South African National Standard (SANS). Note that a SANS has been published for rose geranium and baobab oils. The draft marula standard is expected to be released for public comment towards the end of 2022.

5. Aggregate the data to fully profile the types of oils produced.

In addition to assisting producers with the mechanism of obtaining a credible CoA, improving the quality of the oils produced and enhancing producers' ability to sell their production at marketed related prices; a prime benefit of this scheme is to afford the country with improved data for the purposes of profiling the oils that are produced.

The goal of this exercise is to then assist the industry in creating a national standard for future production. Currently this pooled data, which takes in to account geographic location, is limited and the process that is being undertaken in conjunction with the SABS Standards Division is severely hampered.

6. Maximum support to each SME in any given period

Producers should note that there is a limited amount of funding for this phase of the project and a total of 40 CoAs can be supported.

Furthermore, producers will be limited to a maximum of four test samples during the pilot phase.

7. Terms and Conditions (T&C's)

In order to apply for this sponsorship producers will need to accept the following terms and conditions.

- Financial contribution as per para 2) above.
- Acceptance that courier costs for samples sent to the laboratory are for the producer's account.
- Test results will be collected by the NLA-SA and forwarded to SAEOPA for aggregation and pooling for profile development of a national standard. Confidentiality of producer and test results obtained for a specific producer is assured.

8. Eligibility criteria for support

Although there are no specific criteria for applying for support, producers should be aware that the scheme hopes to primarily assist SME's and new entrants to the GQSP-SA project focus E & V Oil producing market, and that this category will be favoured as far as possible.

9. Application process

An application form has been developed and all producers wishing to apply for assistance are required to complete this form and submit it to the NLA-SA for processing.

10. Decision review process

The NLA-SA has been appointed to manage the scheme and will co-ordinate the following criteria:

- Evaluation of whether the oil meets the requirements of the scheme – GQSP-SA project focus species.
- Negotiation of the prices that will be paid to the test laboratory.
- Assignment of which laboratory the test sample will be sent to.
- Placement of the order with the selected laboratory.
- Receipt of the test certificate and forwarding to SAEOPA for data aggregation.
- Payment to the test laboratory selected.
- Collection of the amount owed by the producer.

11. Financial Considerations

In order to facilitate the smooth running of the scheme the funding that has been made available for sponsoring the testing will be managed by an independent organisation.

Given its role in various other projects that have been conducted by the UNIDO/SQIS project, this will be undertaken by the National Laboratory Association – South Africa (NLA-SA).

The NLA-SA has both the capacity and the financial systems to control the monies received from UNIDO and they have no vested interest in the organisations that are appointed to

provide the testing. After discussion with the NLA-SA it has been agreed that a 10% administrative charge will be levied on each invoice processed.

The following process will be followed and improved upon (if necessary) as the pilot progresses

- 1) The SME completes an application form and forwards it to the NLA-SA
- 2) A suitable laboratory will be selected bearing mind whether the SME requests a particular lab, whether the tests be for essential or vegetable oil and the geographic location if possible.
- 3) The NLA-SA will contact the lab for a quotation and place an order on the facility.
- 4) The results (COA) will be forwarded to the lab and the NLA-SA and where relevant the NLA-SA will forward these results to the SAEOPA.
- 5) The NLA-SA will pay the lab and collect the amount that the SME is required to pay.
- 6) The NLA-SA will maintain records of all such transactions and these will be made available to UNIDO/GQSP.

Annexure A – Application Form

Testing of Essential and/or Vegetable Oils Support Scheme

Application for support

Producer name				
Contact person				
Physical Address				
Postal Address				
Telephone number				
Mobile Number				
Email address				
Web site (if available)				
Support requested (mark with X)	1st time	2nd time	3rd time	4th time
Reason for testing (mark with X)	Improvement of the quality of the oil produced	Establish profile of the oil produced	CoA required for buyer	Other – please elaborate

Oil to be tested (mark with an X)

Essential Oil		Vegetable Oil	
Agathosma spp (Buchu)		Baobab	
Eriocephalus spp (Cape Chamomile)		Kalahari melon	
Helichrysum spp		Manketti/mongongo	
Lippia spp		Marula	
Rose geranium var Rose		Sour plum (Ximenia)	

The CoA will comprise the following:

Essential Oil	Vegetable Oil
Density	Iodine Value
Refractive Index	Saponification Value
Optical rotation	Peroxide Value
Miscibility	Anisidine Value
Acid value	Relative Density
GC profile	Unsaponifiable Material
	Fatty acids
	Refractive Index



	Insoluble impurities
	Moisture
	Free fatty acid and Acid value

Test Laboratory Selection

If you have a preference, please indicate by marking with an X which laboratory you would like to use for testing.

	ARC (Essential Oils)
	NMISA (Essential Oils)
	Precision Oil (Vegetable Oils)
	University of Limpopo (Essential Oils)

Terms and Conditions

- 1) Financial support will be provided as per the scheme description.
- 2) The NLA-SA in consultation with the producer will decide on the test laboratory which will conduct the tests.
- 3) Data will be collected by the NLA-SA and forwarded to SAEOPA for aggregation. Confidentiality is assured.
- 4) The producer will supply a minimum of 50 mls of the oil.
- 5) The producer will pay the cost of delivery of the sample to the selected test laboratory.

We hereby agree to the terms and conditions as prescribed by the scheme.

Name _____

Signature: _____

Date: _____

For office use only:

Recommendation to support	YES		NO	
Test laboratory chosen and agreed to	YES		NO	
Authorised				
Order number to test laboratory				