

**REPORT ON SOUTH AFRICA'S IMPLEMENTATION OF
THE KEY AREAS OF THE GABORONE DECLARATION
FOR PRESENTATION AT THE FOLLOW-UP MEETING
ON THE SUSTAINABILITY IN AFRICA SUMMIT**

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1. INTRODUCTION AND BACKGROUND

The transition to a green economy in South Africa is linked to many policies, strategies and plans including, amongst others the 2030 National Development Plan (NDP) endorsed by Cabinet in 2012. The NDP recognizes that market and policy failures have resulted in the global economy entering a period of "ecological deficit", as natural capital (ground water, marine life, terrestrial biodiversity, crop land and grazing) is being degraded, destroyed, or depleted faster than it can be replenished. Waste and carbon-equivalent emissions per capita are climbing faster every year in an ecosystem with finite limits.

Other strategic documents which refer to the need to manage the nation's natural resource base for sustainable development include the 2020 New Growth Path endorsed by Cabinet in 2011, the 2014 National Strategy for Sustainable Development (NSSD1) endorsed by Cabinet in 2011, the National Climate Change Response Policy endorsed by Cabinet in 2011 as well as the Industrial Policy Action Plan.

Fundamentally, the Gaborone Declaration is premised on the notion that the historical model of natural resources exploitation has failed to promote sustained growth, environmental integrity and improved social capital and that economic growth and human well-being in Africa will be threatened if concerted action to halt and reverse the degradation and loss of healthy ecosystems and biodiversity is not undertaken. Furthermore, the Declaration recognises the need to enhance society's ability to adapt to climate change and environmental risks and scarcities.

This report focuses on the key issues identified in terms of the Gaborone Declaration's commitments and priorities and national efforts in fulfilling these, namely:

- Natural Capital Assessments and Valuation (Baseline and values for natural capital);
- Natural Capital Accounting (How to incorporate these values in decision making);
- Natural Capital and Poverty Eradication (How to ensure that the sustainable management of natural resources contributes to social development);
- Capacity building for these three areas.

2. KEY INITIATIVES UNDERTAKEN BY SOUTH AFRICA IN IMPLEMENTING THE GABORONE DECLARATION

2.1 Natural Capital Assessments and Valuation

The concept of "*Natural Capital*" is an extension of the economic notion of capital (manufactured means of production) to goods and services relating to the natural

environment. Natural capital is thus regarded as the stock of natural ecosystems that provide valuable ecosystem goods and services into the future. The most comprehensive assessment of South Africa's natural capital and key environmental trends are to be found in the SA Environment Outlook Report, the last of which was published in 2006. An updated version of the Environment Outlook Report will be published in the near future to provide an updated understanding of key environmental trends, pressures, impacts and responses and also provides an outlook/scenarios for SA's environment for the future.

The first ever Organisation for Economic Cooperation and Development (OECD) Environmental Performance Review (EPR) for South Africa will be launched in December 2013 in South Africa. This external review was compiled by a team from the OECD that conducted a comprehensive assessment of SA's Environmental Performance, including an overview of environmental trends in the country. This covers the current status of a wide range of issues, including mineral resources, air quality and Greenhouse Gas (GHG) emissions, biodiversity and ecosystem services, fisheries, forestry, and energy uses.

Furthermore, South Africa through the National statistics South Africa has released numerals report with focused areas of energy, fisheries, minerals, land as well as water within the context of natural resource accounts since early 2000 which contribute to national economic growth. These reports were developed based on the United Nations Systems of Integrated Environmental and Economic Accounting (SEEA) which describes the interrelationships between the natural environment and the economy.

In 2005, South Africa published a discussion document entitled natural resource accounts, "Energy accounts for South Africa 1995 to 2001" with the aim to deliberate upon the energy accounts for South Africa for the period.

South Africa is a mineral rich country and the mining industry has for long been the cornerstone of the economy, and is set to remain a significant contributor to the economy, currently contributing approximately 7.7% of the nation's Gross Domestic Product (GDP). In 2004, Statistics SA produced a report on natural accounting: minerals account for South Africa 1980 to 2001. This report contains the Natural Resource Accounts (NRAs) in physical as well as monetary terms for three minerals, namely gold, platinum and coal, for South Africa for 1980 to 2001. The report shows that there is an inverse relationship between production and number of years to depletion; as production drops the number of years to depletion increases.

In March 2013, Stats South Africa produced a discussion document, entitled fishery accounts for South Africa for 1990 to 2011 with aim to present the updated physical fishery accounts for hake and west coast rock lobster as these

two commercial species (fisheries) account for 80% of the economic contribution to the fishing industry in South Africa, according to the report.

The Economics of Ecosystems and Biodiversity (TEEB) State of Play Report for South Africa published in 2012 found that there is a challenge regarding the sustainability of biological resources as these are being eroded by unsustainable practices such as illegal trade, unsustainable extractive use, habitat fragmentation and development, all exacerbated by climate change. Hence, the South African Government together with other interested stakeholders undertook to collaborate on pursuing an SA TEEB initiative.

Results contained in the TEEB State of Play Report showed that valuation studies in the country were carried out in an inconsistent piece-meal way. There is need for an agreed and consistent framework for valuing services so that there is synergy for future individual studies to form a more comprehensive and coherent national picture. There is a need to prioritise areas, services or issues on which to focus. However, the past work will provide a good basis as a reference point and allow for cross validation. The most comprehensive valuation study place an economic value of SA's biodiversity and ecosystem goods and services at R73 billion. In this context, the financial cost of managing South Africa's biodiversity in the form of costing the implementation of the National Biodiversity Framework was R6.7 billion over a five year period.

Building on the findings from the TEEB State of Play Report the next steps would be to conduct a strategic level cost benefit analysis of priority ecosystems and services using key baseline documents such as the National Biodiversity Assessment (2011), and the State of Play: Baseline Valuation Report on Biodiversity and Ecosystem Services (2012).

South Africa plans to conduct a Resource Economic Valuation, including a cost benefit analysis of priority biodiversity and ecosystem services using appropriate accounting and valuation methodologies respectively. This will cover estimations of the value of South African Biodiversity and Ecosystem Services, expressed in Rands and cents, develop a list of assumptions associated with the findings and develop a strategy of how to use and communicate these values in decision making per sector, including the 3 spheres of government. The SA TEEB initiative is a key strategic trajectory for South Africa, as the findings of the cost benefit analysis will inform the development of a National Biodiversity Economic Development Strategy (NBEDS), which has been institutionalized within the Department of Environmental Affairs through the creation of a Chief Directorate: Biodiversity Economy and Sustainable Use. The NBEDS will focus on realizing economic benefits from South African indigenous biological resources. Despite the rich biological diversity of South Africa, relatively few species are economically utilized. Export and use of South Africa's biodiversity, particularly

plant resources and bee products, are not well documented. This may very well contribute to limitations in deriving benefits from our biological richness.

Use of these resources in bioprospecting offers the opportunity to create additional employment in the country, as shown by a number of notable industries that have developed within South Africa using biological resources. The effective implementation of the legislative provisions on the use of indigenous biological resources; and the effective support of small business development in this field, is reliant on a sound knowledge and understanding of the bioprospecting market sectors.

The GDP contribution of cultivation, wild harvesting and biotrading of indigenous plant resources was approximately R82 million in 2011. Although this is currently a relatively small industry, the growth potential of the industry is large, and there remains much potential for GDP growth and may be expected to increase to between R115 million to R150 million per year by 2018.

With respect to capacity building, unlocking the substantial economic benefits of biodiversity requires a sizeable cohort of skilled South Africans. The skills required to realise the job potential in the sector are scarce and students with relevant qualifications are often unable to bridge the gap between education and employment requirements. The incubation of young professionals which is being utilised in this sector for the very first time in South Africa is a unique way to tackle the bridging of this gap.

2.2 Natural Capital Accounting

South Africa joined a number of countries and became a signatory to the global National Accounting initiative at Rio+20. However, it is recognized that National Capital Accounting needs to take full account of the costs of converting natural assets, as well as the revenue gained when use is made of biodiversity and ecosystem services. A true understanding of the value of using those resources, including all externalities, is needed. Methods for recognizing the value of natural capital need to be more widely adopted and integrated into national reporting to reduce the reliance on sole GDP figures. An understanding of the value of ecological infrastructure should result in society being more prepared to pay the real costs of investing in it.

One way of introducing and integrating Natural Capital Accounting into the mainstream economic planning processes is through the Green Economy. In South Africa, various interventions are underway. In partnership with the United Nations Environment Programme (UNEP) and with support from the United Nations Development Programme (UNDP), the Department of Environmental Affairs embarked on the development of a green economy modelling process for

South Africa. The first South Africa Green Economy Modelling Report (SAGEM) was published in August 2013. Within the context of overall national development, the four scenarios for the green economy simulated in the SAGEM report reveal that a green economy does indeed have the potential to stimulate economic growth. Green economy investments have the potential to realise further growth in real GDP of over two per cent by 2030, relative to 2012.

The South African Government established a national Green Fund with an initial capitalisation of R 1.1 billion (US\$110 million). The Fund is intended to support green initiatives to assist South Africa's transition to a low carbon, resource efficient and climate resilient development path through delivering high impact economic, environmental and social benefits. The Green Fund will further facilitate partnerships to leverage both donor and private sector contributions to fund various projects and programmes linked to the green economy and climate change response strategies. The Department of Environmental Affairs (DEA) is the custodian of the Green Fund and has appointed the Development Bank of Southern Africa (DBSA) as the implementing agent.

Considering the emergence of the Green Economy concept internationally, especially amongst developing countries, South Africa fully realises the importance of this initiative to transform and diversify the global economy towards a sustainable low carbon development trajectory. Within that context, the Green Economy and Green Financing present potential opportunities to cooperate and share experiences with other developing countries. Such initiatives could include capacity building and skills development, sharing of best-practices, environmental research and development, green economy initiatives, sustainable development, biodiversity as well as promoting regional integration in Africa.

2.3 Natural Capital and Poverty Eradication

The first national Green Economy Summit of 2010 committed South Africa to working together to pursue and explore the opportunities "towards a resource efficient, low carbon and pro-employment growth path". At the United Nations Framework Convention on Climate Change (UNFCCC) COP17/CMP7 held in Durban in November 2011, South Africa announced a Green Economy Accord – a social pact between government, labour unions, private sector and civil society – to advance the country's New Growth Path with the aim to create 300,000 new green jobs by 2020. These initiatives demonstrate a strong political will and government commitment to foster a transition to a more inclusive and sustainable path of growth and development.

The Natural Resource Management (NRM) programme comprises a number poverty alleviation interventions managed by the South African Government through the DEA and other key departments. These include the Working for Water (WfW) Programme, Working for Wetlands Programme, Working on Waste,

Working on Fire and Working on Coasts. The WfW is one of the country's strategic and well known programmes aimed at reducing the area of land under invasive alien species, which is essential in maintaining the ecological integrity in terms of restoring the water flows. In addition, the programme has plans for value-added activities from invasive alien biomass, in particular electricity generation.

Employment in the NRM sector occurs both in the restoration of the water ecosystem services and in the utilization of the biomass for energy. In 2010, the number of NRM related jobs in South Africa was 440,000. Most of the employment, however, arises from the alien species elimination. There have been ongoing capacity building initiatives in this regard, largely coordinated by the DEA NRM Programme.

3. CONCLUSION

In conclusion, it should be noted that South Africa's National Development Plan 2030 specifically addresses the commitments in the Gaborone Declaration through the setting of a specific objective in respect of Environmental Sustainability and Resilience that speaks directly to Declaration's overarching objective of "To ensure that the contributions of natural capital to sustainable economic growth, maintenance and improvement of social capital and human well-being are quantified and integrated into development and business practice".

South Africa currently does not have a recognised natural capital accounting system in place. Hence, SA will explore the use and application of global instruments such as the Systems of Integrated Environmental and Economic Accounting (SEEA), Wealth Accounting Valuation of Ecosystem Services (WAVES) and the Inclusive Wealth Index (IWI) as possible ways to quantify, or inform the quantification of, natural capital, although it should be emphasised that there is no international consensus on these tools.