DEPARTMENT OF ENVIRONMENTAL AFFAIRS AND TOURISM

SOUTH AFRICA

COUNTRY REPORT

FOURTEENTH SESSION OF THE UNITED NATIONS COMMISSION ON SUSTAINABLE DEVELOPMENT

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List of Acronyms

AGOA	Africa Growth and Opportunity Act
APINA	Air Pollution Information Network for Africa
AQA	Air Quality Act
AQMP	Air quality management plan
AU	African Union
BCI	Business Confidence Index
BEE	Black Economic Empowerment
BFP	Basic Fuels Price
BNM	Basa Njengo Magogo alternative fire lighting method
BPO	Business process outsourcing
CABEERE	Capacity Building in Energy Efficiency and Renewable Energy
CAPCO	Chief Air Pollution Control Officer
CAPEX	Capital Expenditure Programme
CBO's	Community based organisations
CCP	Cities for Climate Protection
CDM	Clean Development Mechanism
CERS	Certified Emission Reductions
CEF	Central Energy Fund
CFC’s	Chlorofluorocarbons
CFL’s	Compact fluorescent lights
CO	carbon monoxide
CONNEP	Consultative National Environmental Policy Process
CIF	Critical Infrastructure Fund
CP	Cleaner Production
CSD	Commission on Sustainable Development
CSIR	Council for Scientific and Industrial Research
DBSA	Development Bank of Southern Africa
DEAT	Department of Environment and Tourism
DoH	Department of Housing
DME	Department of Minerals and Energy
DNA	Designated National Authority office
DSM	Demand Side Management
The dti	Department of Trade and Industry
ECA	Economic Commission for Africa
EDI	Electricity Distribution Industry
EDRC	Energy and Development Research Centre
EMIA	Export Marketing and Investment Assistance
EMM	Ekurhuleni Metropolitan Municipality
EIA	Environmental Impact Assessment
EU	European Union
FNB	First National Bank
GATT	General Agreement on Tariffs and Trade
GCCC	Government Committee on Climate Change
GDP	Gross Domestic Product
GEF	Global Environment Facility
GODISA	Programme to stimulate technology transfer.
GTZ	German Technical Co-operation Organization
GVEP	Global Village Energy Partnership

GWh	Giga Watt Hours
ICLEI	International Council for Local Environmental Initiatives
ICT	Information and communications technologies
IP	Illuminating paraffin
IDC	Industrial Development Corporation
IeC	Integrated Energy Centre
IP&WM	Integrated Pollution and Waste Management Policy
JSE	Johannesburg Stock Exchange
LRP	Lead Replacement Petrol
LPG	Liquefied Petroleum Gas
MEC	Member of the Executive Council
MFRC	Micro Finance Regulatory Council
Mtoe	Million tonnes of oil equivalent
MW	Mega Watt
NAAMSA	National Association of Automobile Manufacturers of South Africa
NAQMP	National Air Quality Management Programme
NCCC	National committee on Climate Change
NCPC	National Cleaner Production Centre – South Africa
NEDLAC	National Economic Development and Labour Council
NELF	National Electrification Forum
NEMA	National Environmental Management Act (Act No. 107 of 1998)
NEPAD	New Partnership for Africa's Development
NER	National Electricity Regulator
NERI	National Energy Research Institute
NERSA	South African National Energy Regulator
NGO	Non-governmental organisation
NLR	National Loans Register
NSI	National System of Innovation
NTTC	National Technology Transfer Centre
OAU	Organisation of African Unity
PBMR	Pebble-bed modular reactor
PFMA	Public Finance Management Act
ProBEC	Program for Biomass Energy Conservation in Southern Africa
PUC	Productive Use Container
R&D	Research and Development
RDP	Reconstruction and Development Programme
REDs	Regional Electricity Distributors
SA	South Africa
SACEF	South African Competition Economics Forum
SACN	South African Cities Network
SACOB	South African Council of Business
SADC	Southern African Development Community
SALGA	South African Local Government Association
SANS	South African National Standards
Sapia	South African Petroleum Industry Association
SAPP	Southern African Power Pool
SARS	South African Revenue Services
SEA	Sustainable Energy Africa
SET	Science, Engineering and Technology
SETAS	Sector Education and Training Authorities

SEDA	Small Enterprise Development Agency
SEI	Stockholm Environment Institute
SETA	Skills Education & Training Authorities
STEM	Short-term energy market
Sida	Swedish International Development Cooperation Agency
SIP	Strategic Industrial Projects
SMEDP	Small and Medium Development Programme
SMMDP	Small and Medium Manufacturing Development Programme
SME	Small and medium enterprises
SMME	Small, medium and micro enterprises
SPII	Support Programme for Industrial Innovation
SSA	Sub-saharan Africa
TAU	Technical and Administrative Unit
THS	Tax holiday scheme
THRIP	Technology and Human Resources for Industry Programme
TIASA	Thermal Insulation Association
TMM	Tshwane Metropolitan Municipality
TSP	Technology Stations Programme
TWIB	Technology for Women in Business
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	UN Framework Convention on Climate Change
UNIDO	United Nations Development Organisation
USA	United States of America
VAT	Value added tax
W	Watt
WOESA	Women in Oil and Energy
WTO	World Trade Organisation
WINSA	Women in Nuclear

Introduction

The United Nations Commission on Sustainable Development (CSD) was created in to ensure effective follow-up of the United Nations Conference on Environment and Development (UNCED) ; to monitor and report on implementation of the Earth Summit agreements at the local, national, regional and international levels. The mandate of the commission was reaffirmed by the World Summit on Sustainable Development held in Johannesburg in 2002

At its eleventh session, the Commission on Sustainable Development decided that its multi-year programme of work beyond 2003 would be organized on the basis of two-year cycles, with each cycle focusing on selected thematic clusters of issues. CSD 11 further encouraged countries to provide national reports, on a voluntary basis, for every review session on the thematic clusters of issues reflecting the overall progress, trends and emerging issues as well as constraints and challenges. The CSD also invited the Secretariat of the Commission to improve on reporting guidelines and questionnaires with the intention of making reporting more efficient and less cumbersome on countries and more focused on implementation.

The United Nations Division for Economic and Social Affairs (UNDESA) has requested national focal points to submit country reports as a contribution to the Secretary General's Report for CSD 14, which focuses on the thematic cluster of Industrial Development, Climate Change Air Pollution/Atmosphere and Energy for Sustainable Development

This report is the South African country report to the Commission, which reports on the progress made in the implementation of Agenda 21 with regard to the review, evaluation and monitoring processes. It specifically focuses Industrial Development, Climate Change Air Pollution/Atmosphere and Energy for Sustainable Development. The key elements of the CSD-12 Report include a reflection on lessons learnt, best practice, the identification of actions, opportunities and constraints to the implementation of sustainable development and to the formulation of the NSDS.

This report was developed through a rigorous intergovernmental process coordinated by the Department of Environmental Affairs and Tourism with the support of the department of Trade and Industry, the Department of Foreign Affairs, the Department of Mineral and Energy and the Department of Health. The development of the report included consultations and numerous written submissions from representatives of major groups, organised business and labour. This report is globally applicable within a national and even a local context and it was developed through a methodology that does not simply comply with the request from the United Nations but with and to strengthen the Sustainable Development Agenda in South Africa.

I. Overview

3. Industrial Development

3.1 Concrete actions taken and progress made in implementation

The South African economy has undergone substantial high-level restructuring since 1994, notably the stabilisation of macroeconomic variables and opening up to world trade. Macroeconomic variables such as inflation and the fiscal deficit have been stabilised, with a movement to a more market-determined exchange rate regime.

Macro-economic policy has been reflected in the Reconstruction and Development Programme (RDP), 1994 and the Growth, Employment and Redistribution Strategy (GEAR), 1996. These policies focused on redressing the inequities and imbalances resulting from apartheid, creating jobs and stimulating the small business sector. These measures firmly set South Africa's economy on a growth path.

The Integrated Manufacturing Strategy (IMS) provides a systemic approach to eliminating constraints and setting targets to improve the efficiency of the South African economy. At the core of the strategy is knowledge intensity with the aim of streamlining the utilisation of knowledge and skills in order to integrate information and communication technologies (ICTs), technology, innovation and knowledge-intensive services into the functioning of the economy as a whole.

The IMS identified sectors of the economy that have considerable potential for increased outputs, exports, and employment creation. These sectors are agriculture, including food production, tourism, ICTs, cultural industries and export sectors, including minerals and metals, clothing and textiles, automobiles, agro- processing, and chemicals. In each sector, strategies include a specific focus on employment generation, value addition and production for the domestic market as well as export growth, small business development and black economic empowerment.

A number of strategies have been developed to support industrial development. These include the Advanced Manufacturing Technology Strategy, the National Research and Development Strategy and the National Skills Development Strategy. In support of the IMS a Competition Act was introduced in 1998 and the objective of the new legislation was that competition policy.

Government's support to the small business sector has been substantially strengthened and refined. This approach culminated in the consolidation of small business support agencies in the formulation of the Small Enterprise Development Agency (SEDA). Legislative amendments to accommodate co-operative enterprises were also made.

Various policies and programmes were developed to facilitate Black Economic Empowerment (BEE) including promulgation of the BEE Act. Policies were also developed to modernise the South African technical infrastructure area of standardisation, quality assurance, accreditation and metrology.

The Government Programme of Action in the economic area for the next five years will focus interventions on the following sectors of the economy: reducing the input costs to develop downstream more labour intensive sub-sectors; exploitation of synergies amongst different value chains to make use of domestic raw materials where possible; and support for innovation and skills development. On infrastructure government has developed strategies and investment plans of R180-billion in relation to transport logistics, electricity and water resources. Special efforts are ongoing to finalise sector development strategies and programmes, with regard to chemicals, business outsourcing and tourism, ICT and telecommunications, agro-processing, community, social services, wood and paper, appliances, the retail and construction industries.

The President has established a number of working groups comprising representatives of organised business and organised labour as well as big business and agriculture. The President uses these working groups to discuss various elements of economic policy and strategy with these stakeholders. Generally development of national industrial policies and strategies in South Africa is characterized by a tripartite collaborative approach. All policies with potential socio economic impact are considered in National Economic Development and Labour Council (Nedlac), prior to finalisation.

There are many voluntary business initiatives in the country where business has collaborated on areas of corporate social responsibility. The National Business Initiative (also the Southern African regional partner of the World Business Council for Sustainable Development) is such an example, focussing, together with its 140 member companies on: employment creation, economic growth and poverty reduction, strengthening human capital through education and skills development and sustainable development, so that the scarce resources available to our generation can also be used and developed by the next. Business has also contributed to the highly acclaimed Business Trust, putting R1 billion into the five-year initiative, which would drive a skills and jobs agenda. The Trust has support by government to go into a new five-year phase, which started in 2005.

The Johannesburg Securities Exchange (JSE) has developed criteria to measure the triple bottom line performance of companies in the FTSE/JSE All Share Index who choose to participate, with the aim of compiling an Index comprising those companies that pass the criteria requirements. The JSE launched the first Socially Responsible Investment (SRI) Index in May 2004, recognising the strides listed companies are making in this regard. Forty-nine companies presently make up the Index.

3.2 Constraints and challenges

There remains a vital need for microeconomic reform in terms of reducing the cost structure of the economy, upgrading industrial capabilities and facilitating economic inclusion. These interventions will be rooted in South Africa’s competitive advantages in the global economy.
Key challenges inhibiting sustainable industrial development in South Africa include:

- The increasingly competitive global climate. In this context South African manufacturing companies in the future will depend even more on flexibility and speed, as well as on localised production. Manufacturing is also becoming more service intensive and this service orientation of manufacturing and increased customer demand will have consequences for the organisation of production, supply-chain management and customer relations;
- Eradicating the lack of skills that has been recognised as a huge constraint to industrial growth;
- Keeping up with international best practice and rapidly advancing science and technology;
- Conforming with other non-tariff related requirements such as health and safety regulations, testing procedures etc;
- Increasing South Africa’s ability to integrate best practice and new technologies into product and process standards supported by measurement capabilities and conformity

assessment infrastructure. This ability depends on the availability of a modern technical infrastructure (ie Standards, Accreditation, Metrology) and institutions that cannot only provide relevant services but engage in international debates and forums to ensure that the South African industry can overcome and meet trade barriers;
- Meeting the increasing need for strategic investment in specific technology platforms to ensure sector specific growth;
- Complying with stricter environmental regulations, which will require the adoption of energy-and resource-saving technologies.

C. Industrial Development

C.1 Decision-Making: Strategies, policies, programmes and plans, legislation, policy instruments and the regulatory framework

1.1 Major elements and targets of national industrialization strategy or plan

The South African economy has undergone substantial high-level restructuring since 1994, notably the stabilisation of macroeconomic variables and opening up to world trade. Macroeconomic variables such as inflation and the fiscal deficit have been stabilised, with a movement to a more market-determined exchange rate regime.

Economic performance since 1994 has been mixed. GDP has grown steadily at an annual average of 3 per cent, while GDP per capita growth was 1 per cent. At the broad sectoral level, it is mostly service sectors that have shown the fastest growth. The manufacturing sector has been placed on a steady growth path but it has grown slower than key developing country counterparts. Investment was heavily concentrated in the Resource-based sectors, which increased their share from 67 to 69 per cent of manufacturing investment between 1994 and 2003.

A number of major policy changes were made to trade and industrial policy since 1993, in order to deal with inherited structural challenges and industrial stagnation. The Integrated Manufacturing Strategy (IMS) provides a systemic approach to eliminating constraints and setting targets to improve the efficiency of the South African economy. At the core of the strategy is knowledge intensity with the aim of streamlining the utilisation of knowledge and skills in order to integrate ICTs, technology, innovation and knowledge-intensive services into the functioning of the economy as a whole.

The IMS identified sectors of the economy that have a considerable potential for increased outputs, exports, and employment creation. These sectors are agriculture, including food production, tourism, ICTs, cultural industries and export sectors, including minerals and metals, clothing and textiles, automobiles, agro- processing, and chemicals. In each sector, strategies include a specific focus on employment generation, value addition and production for the domestic market as well as export growth, small business development and black economic empowerment.

A number of strategies have been developed to support industrial development. These include the Advanced Manufacturing Technology Strategy that provides for the combination of sector and technology support centres, networks and specific projects, which are industry and government aligned, the National Research and Development Strategy to address weaknesses in the research and development strategy and recognise the problem of the innovation 'chasm', which is a gap between human capital and technological innovation activities.

South Africa's National Skills Development Strategy 2005-2010 spells out the national priority areas to which a projected R22 billion skills development levy will be used to develop sustainable skills for growth, development and equity.

In support of the IMS a number of policies and supply side measures are in place. A Competition Act was introduced in 1998 and the objective of the new legislation is that competition policy would form a fundamental part of industrial policy, by dealing with anti-competitive behaviour flowing from concentration and facilitating entry and growth of small and black-owned firms in particular. Government's support to the small business sector has been substantially strengthened and refined. This approach culminated in the consolidation of small business support agencies and the formulation of the Small Enterprise Development Agency (SEDA). Legislative amendments to accommodate co-operative enterprises were also made.

Various policies and programmes were developed to facilitate Black Economic Empowerment (BEE) including promulgation of the BEE Act, establishment of the National Empowerment Fund followed by the release of Codes of Good Practice. Policies were also developed to modernise the South African technical infrastructure area of standardisation, quality assurance, accreditation and metrology in order to meet a greater demand from trading partners to demonstrate equivalence in measurement systems and standards in support of trade and to verify the technical competence of South Africa's national conformity assessment service providers that provide proof of compliance with technical regulations, standards and product specifications.

In 2005 the Cabinet Lekgotla Presidential working groups identified three key requirements for continuous industrial growth in a globally competitive environment:

- A low cost production base;
- An increasingly sophisticated set of industrial capabilities; and
- Increasing inclusion in the mainstream economy through the labour market and entrepreneurship.

The Government Programme of Action in the economic area for the next five years will focus interventions on the following sectors of the economy: reducing the input costs to develop downstream more labour intensive sub-sectors; exploitation of synergies amongst different value chains to make use of domestic raw materials where possible; support for innovation and skills development. On infrastructure government has developed strategies and investment plans of R180-billion in relation to transport logistics, electricity and water resources.

Special efforts are ongoing to finalise sector development strategies and programmes, with regard to chemicals, business outsourcing and tourism, ICT and telecommunications, agro-processing, community, social services, wood and paper, appliances, the retail and construction industries.

1.2 Process of development of Strategy

The South African government has a sound, transparent and participatory approach to policy-making. Cabinet uses a cluster approach through six cabinet committees to develop policies and determine policy priorities on a co-ordinated basis. The Economic Investment and Employment Cluster comprises The Presidency, Statistics South Africa and the Departments of Trade and Industry, Public Entities, Communication, Transport, Minerals and energy, Science and Technology, Public Works, National Treasury and Provincial and Local Government.

The President has established a number of working groups comprising representatives of organised business and organised labour as well as big business and agriculture. The President uses the working groups to discuss various elements of economic policy and strategy with these stakeholders.

Generally development of national industrial policies and strategies in South Africa is characterized by a tripartite collaborative approach. All policies with potential socio economic impact are considered in the statutory body responsible for social dialogue, the National Economic Development and Labour Council (Nedlac), prior to finalisation. Nedlac convened a Growth and Development Summit in 2003 at the request of the President. This Summit resulted in the signing of a comprehensive agreement amongst social partners on interventions to achieve the national imperative of alleviating poverty and creating sustainable development.

1.3 Consideration of environmental and social aspects in the design and follow-up of national industrialization plan

The dti's Environmental Implementation Plan (EIP) provides a common ground to develop uniform and consistent internal environmental implementation and management systems. The roll out of the EIP will integrate environmental requirements into **dti** policies and programmes. An appreciation of the economic importance of environmental issues throughout **the dti** positively affects the environmental performance and sustainable development of the entire South African economy.

Government recognises the challenges that the manufacturing sector is facing to continuously improve its environmental performance in order to meet increasing environmental requirements. **The dti** established a National Cleaner Production Centre (NCPC) at the CSIR with the aim of encouraging enterprises to adopt Cleaner Production into its processes and products. This will further stimulate the adoption of energy-and resource-saving technologies. Environmental challenges and sustainability requirements are recognised as key drivers of the advanced manufacturing component of the industrial policy framework. The NCPC will play a key role in the promotion and marketing of South Africa's environmental goods and services initiative.

A number of the sector development strategies referred to in 1.1 include the recognition that economic growth in a sector cannot be separated from consideration of social and environmental issues. South African companies make significant contributions to social development and conservation through corporate social investment programmes.

Transparency on these issues has been improved due to the adoption in 2002 by South Africa of the King II Report on Corporate Governance, which has now become industry best practice. King II compliance is required for all companies listed on the JSE Securities Exchange (JSE). In terms of the King II companies are required to report on the nature and extent of the environmental impact of their social, transformation, safety, health and environmental management policies and practices. The Global Reporting Initiative requirements are used as guidelines for these reporting requirements.

1.4 Policies to promote open markets

South Africa participates in a number of preferential trade relationships, both regional and bilateral. It was a founding member of the General Agreement on Tariffs and Trade (1947), and is an active member of the World Trade Organisation. It is committed to the principles of these organisations, and to increasing South Africa's global competitiveness. Trade liberalisation was undertaken through South Africa’s offer to the WTO in 1993. Subsequent trade policy activity has focussed on further rounds of WTO negotiations and other bi-lateral trade agreements.

In 1994, South Africa became a member of the Southern African Development Community. The 13 other members are Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Swaziland, Tanzania, Zambia, The Democratic Republic of Congo, Seychelles and Zimbabwe and since that date has pursued an extensive programme of trade liberalisation.

Free Trade agreements were concluded with the Southern African Development Community (SADC), which saw South Africa reducing its tariffs more rapidly than its SADC partners in order to promote regional development. A Free Trade and Development Co-operation agreement was concluded with the European Union (EU), which allowed preferential access for South African goods to European Union markets.

One of the key elements of South Africa’s trade strategy is to pursue South-South trade agreements. A Fixed Preference agreement for a limited range of products has recently been concluded between the Southern African Customs Union, which comprises Botswana, Lesotho, Namibia, Swaziland and South Africa and Mercosur. Discussions about a similar agreement with India are about to commence. Negotiations have almost been finalised on Free Trade Agreements between the Southern African Customs Union and the European Free Trade Area. South Africa with its Customs Union Partners, Botswana, Lesotho, Namibia and Swaziland has commenced negotiations on a free trade agreement with the USA on a similar basis. South Africa also enjoys preferential access to some other markets through lower tariffs on certain products.

1.5 Efforts to reduce administrative procedures and costs related to business start-up and operation

Government has taken steps to better manage administered prices, through the actions of independent regulators as well as through more rigorous monitoring, which will see an Administered Prices Index. Discussions continue with the steel and chemical industries in particular to reach agreement on developmental pricing mechanisms. Based on the review of the regulatory framework as it applies to small, medium and micro-enterprises, government is completing the system of exemptions for these businesses with regard to taxes, levies, as well as central bargaining and other labour arrangements, enabling these to be factored into the medium-term expenditure cycle. The system of tax and levy payments and business registration is being reviewed with the aim of introducing a simpler and more streamlined system for all businesses.

1.6Efforts to promote investor confidence

South Africa's financial services sector is well developed and backed by a sound regulatory and legal framework. The sector boasts dozens of domestic and foreign institutions providing a full range of services – commercial, retail and merchant banking, mortgage lending, insurance and investment.

South Africa's banking sector also compares favourably with that of industrialised countries. Foreign banks are well represented. Electronic banking facilities are extensive with a nationwide network of Automatic Teller Machines (ATMs) and Internet banking facilities available. A public information notice released in March 2000 by the International Monetary Fund stated that South Africa's financial regulatory framework is sound as its banks are well capitalised.

The Financial Services Board is responsible for overseeing the regulation of the financial markets such as the JSE and all financial institutions (insurers, brokers). But this excludes banking institutions, which fall directly under the South African Reserve Bank. The three regulated exchanges are the JSE Securities Exchange (JSE), South African Futures Exchange (Safex) and the Bond Exchange of South Africa (Besa). The major financial institution groupings are banking institutions, insurers, fund managers and broking operations.

South Africa has been reviewed and rated by the world's most accredited risk ratings agencies including Fitch and Standard and Poor (S&P). S&P awarded South Africa a risk rating A-/Stable/A-2 BBB/Stable/A-3. This is based on the fact that the government has implemented sensible fiscal policies and has managed to bring spending under control. The country has also decreased deficits and the external debt burden. S&P praised the South African Reserve Bank for its independent nature and commitment to lowering inflation. The privatisation programme is encouraging foreign direct investment with the future looking bright in this regard.

Government continues to review investor perceptions. Government has made significant progress in dealing with safety and security concerns; property rights and the rule of law are entrenched in the Constitution; Government has recently joined forces with the private sector and civil society to combat corruption.

Regulatory compliance costs have been identified as a significant impediment to growth, particularly in the SMME sector. As a result of a recent study in this regard, the Presidency is currently undertaking an investigation into the possibility of establishing a regulatory impact assessment process.

The South Africa Chamber of Business on a regular basis measures domestic investor confidence and their Business Confidence Index has shown a steady increase over the last few years.

Domestic investor confidence is also reflected in the extent to which the private sector has invested over the past decade. In the period 1995 to 2004, private sector investment has increased in real terms at a rate of 5,5% per year and now accounts for 75% of all gross investment. In net capital formation terms (gross fixed investment less provision for depreciation) the private sector, which only owns 55% of the total fixed capital stock accounted for 102.5% of net capital formation over the same period.

The recently announced public investment in infrastructure programme is likely to further encourage private sector investment.

1.7 *Nature of regulatory approach to environmental issues*

Over the past 10 years of democracy, South Africa has been engaged in significant environmental law reform. Setting the tone for this environmental legal framework is the Constitution, which states that the people of South Africa have the right to have the environment protected and to live in an environment that is not harmful to human health or well-being. Article 24, Bill of Rights, Constitution of the Republic of South Africa, 1996, states that:

Everyone has the right

- To an environment that is not harmful to their health or well-being.
- To have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that-
  - Prevent pollution and ecological degradation;
  - Promote conservation; and
  - Secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development

One of the legal instruments developed to ensure that this right is given effect to are Environmental Impact Assessment (EIA) regulations, which requires all new developments to undertake an environmental impact assessment prior to construction.

1.8 Efforts to integrate environmental aspects into industrial operations

Sectoral development strategies that are currently being developed in the various priority sectors recognise the centrality of environmental considerations in globally competitive industrial development.

Increasingly government and business are seeking innovative ways to work together in addressing environmental concerns, particularly in areas that are not yet covered by mandatory requirements. For example a number of business associations and companies in a range of sectors signed an Energy Efficiency Accord with government with a view to working together towards energy efficiency targets. A similar agreement through which government and business will work together on the development and maintenance of a national Greenhouse Gas Inventory is currently being negotiated.

The South African chemical industry adopted the international Responsible Care initiative in 1994 and the initiative is implemented in most of chemical companies operating the upstream sub-sector of the industry. In 2005, independent verification of the implementation of Responsible Care was introduced and is in the process of being implemented.

1.9 Policies to promote voluntary approaches by industry including corporate social responsibility and environmental stewardship

Government's approach is to encourage voluntary initiatives by industry including corporate social responsibility and environmental stewardship

There are many voluntary business initiatives in the country where business has collaborated on areas of corporate social responsibility. The National Business Initiative (also the South African regional partner of the World Business Council for Sustainable Development) is such an example, focussing, together with its 140 member companies on: employment creation, economic growth and poverty reduction, strengthening human capital through education and skills development and sustainable development, so that the scarce resources available to our generation can also be used and developed by the next.

Business has also contributed to the highly acclaimed Business Trust, putting R1 billion into the five-year initiative, which drove a skills and jobs agenda. The Trust has support by government to go into a new five-year phase, which started this year.

Furthermore, a number of South African companies also subscribe to the UN Global Compact, and many are now following international mechanisms, such as the Global Reporting Initiative (GRI) to shape their sustainability reporting.

The KPMG International Survey of Corporate Responsibility Reporting 2005 reports that South Africa, along with Italy, Spain, Canada and France showed the highest increase of Top 100 companies that issued separate non-financial reports, indicating a rapid shift towards more socially and environmentally responsible business practices.

The JSE Securities Exchange has developed criteria to measure the triple bottom line performance of companies in the FTSE/JSE All Share Index who choose to participate, with the aim of compiling an Index comprising those companies that pass the criteria requirements. The JSE launched the first Socially Responsible Investment (SRI) Index in May 2004, recognising the strides listed companies are making in this regard. Forty-nine companies presently make up the Index.

1.10 *Policies to restructure and improve the operation of state enterprises*

The Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) (as amended by Act No. 29 of 1999) is one of the most important pieces of legislation passed by the first democratic government in South Africa. The Act promotes the objective of good financial management in order to maximise service delivery through the effective and efficient use of the limited resources.

The key objectives of the Act may be summarized as being to:

- Modernise the system of financial management in the public sector (including state enterprises);
- Enable public sector managers to manage, but at the same time to be held more accountable;
- Ensure timely provision of quality information; and
- Eliminate waste and corruption in the use of public assets.

The Act, which came into effect from 1 April 2000, gives effect to sections 213 and 215 to 219 of The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) for the national and provincial spheres of government.

An important objective of this Act is that it puts in place a more effective financial accountability system over public entities (state enterprises). All entities are required to be listed. The major public entities listed in Schedule 2 enjoy full managerial autonomy, with government only able to intervene in its capacity as a majority or sole shareholder. Other public entities are listed in Schedule 3, and enjoy lesser degrees of autonomy. The act makes provision through regulation for shareholder performance agreements that are concluded between government and the public entities to determine the contractual commitment in terms of the mandate and role of the public entity as well as the objectives and key performance targets and indicators of the entity.

C.2 Capacity-Building, Information and Research & Technologies

2.1 Attempts to include sustainability components in planning of industrial location and infrastructure

Infrastructure development and investment is one of the ways earmarked by the Gauteng provincial government to grow the economy and reduce unemployment. The Gauteng provincial government has allocated R17-billion over the next three years to comprehensive infrastructure development, including housing, schools, healthcare facilities, sports and recreation facilities and roads. Its Infrastructure Investment Analysis for the province dated May 25 - a work in progress - indicates that three infrastructure sectors will receive the bulk of the funding. Housing, Finance and Economic Affairs as well as Public Transport Roads and Works receive 79% of the capital expenditure budget. The three metropolitans with the most people, and the poorest people, receive large amounts. Some R2,4-billion, or 57%, was allocated to Ekurhuleni, Johannesburg and Tshwane. Working hand-in-hand with other projects such as the expanded public works programme, the Gauteng government intends to speed up access to water and sanitation as well as improving access to electricity and telephony services. Challenges include eradicating informal settlements by 2014, eradicating the existing infrastructure backlog and maintaining what is already in place, and increasing housing developments. Electricity is to be rolled out to all by 2014, water by 2008 and sanitation by 2010. Unaccounted water usage (some 40% each year) must be dealt with. Free basic services and sufficient public transport were also areas highlighted. Government's goal is to shorten the travel time and reduce the monetary burden while ensuring that travelling is safe (Engineering News, 2005).

2.2 Policies or programmes to promote research and development (R&D) on and the transfer of cleaner technologies

In the National Research and Development Strategy a number of new technology missions are proposed to be pursued and these include poverty reduction, the knowledge-intensive new industries (ICT and National Biotechnology Strategy), advanced manufacturing and leveraging resourced-based industries and developing new knowledge-based industries from them. These platforms provide an opportunity for universities of technology to function within and be part of the National System of Innovation (NSI).

The Department of Environmental Affairs and Tourism (DEAT) has drafted a National Cleaner Production and Sustainable Consumption Strategy. The starting point for the strategy is the recommendations of the Johannesburg Plan of Implementation for Sustainable Consumption and Production. The strategy has been prepared with a framework of identifying the main constraints to the implementation of Cleaner Production in South Africa as has been experienced over the past 10 years. Moreover, particular attention has been given a number of programmes, which have included awareness building campaigns, demonstration projects and pilot schemes on cleaner production. In order to overcome these constraints, four goals have been identified for relevant strategic areas:

- Enforcement of appropriate regulatory standards;
- Harmonization of Government policies and strategies;
- Development of incentive and support schemes; and
- Availability of information.

Overall, there has been a growing trend of CP related activities within the national economic development arena. Whereas the private sector is more focussed on the practical industry based implementation of CP projects, the public sector has been actively involved in an array of activities including research, policy formulation, project financing and implementation. Moreover, local academic, research institutions and privately owned consulting firms are also actively conducting CP related research, creating awareness and documentation of local and international best practices regarding the emerging CP phenomenon and its potential benefits to the participating industries.

Recent successes, notably in the fisheries, metal finishing and textiles industries (largely as a result of the DANIDA intervention) and other industrial sectors including the automotive and chemical sectors have been well publicized. Local governments are also increasingly implementing Cleaner Production through initiatives such as Waste Minimisation Clubs and joint projects with the National Cleaner Production Centre (NCPC).

The Department of Trade and Industry (the **dti)** facilitates the fostering and commercialisation of technology development and diffusion through matching grant support for research and development. The Support Programme for Industrial Innovation (SPII) provides funding for the development of manufacturing products and processes. The Technology and Human Resources for Industry Programme (THRIP) supports university-level research projects undertaken for industrial purposes. Other technology programmes are the National Technology Transfer Centre (NTTC), the Venture Capital Programme and the Incubator Programme.

2.3 Programmes to promote the concept of sustainability within industry as well as in higher education including business and engineering schools

The National Research and Development Strategy in addressing weaknesses in the research and development strategy, recognises the problem of the innovation ‘chasm’, which is a gap between human capital and technological innovation activities. Through applied research and working directly with industry on incremental problem solving and consulting, the universities of technology will make a significant contribution to the innovation chain. South Africa has established about twenty-four Sector Education and Training Authorities (SETA), which are responsible for skills development in all sectors of the economy. Sustainable Development is recognised as a key element in skills development in a number of the sector skills plans, which have just been developed for the next five years.

Measures are in place to improve cooperation between the SETAs on one hand, and the Further Training and Education colleges and the institutions of higher education on the other.

2.4 Policies to promote R&D to increase productivity in key industrial sectors

Many of the Customised Sector Programmes referred to in section 1.1 reflect the recognition for greater efforts to promote R& D in key industrial and services sectors. The Department of Science and Technology is increasingly collaborating in the development of sectoral development strategies in an effort to ensure that government support for research and development is aligned to industrial development needs. The Advanced Manufacturing Technology Strategy is one of the instruments that seeks to apply a co-ordinated approach to support at a sectoral level. An integrated approach to innovation has also been recognised as a key need and specific ways of addressing the so-called innovation chasm are being developed for individual sectors.

This approach will result in all innovation support mechanisms like the innovation fund, support for research and development at tertiary educational institutions and technology support supply side measures being aligned to specific sectoral needs, which are identified in collaboration with potential private sector investors.

2.5 Policies to promote cooperation between the industrial sector and the R&D community

A number of specific technology support initiatives have been developed specifically to facilitate the alignment referred to in 2.4. These include technology platforms in a variety of sectors that are linked to high level skills development and the incubation initiative. Examples are set out below.

In September 2002, the Tshumisano Technology Stations Trust was launched. The Tshumisano Programme is partnership-programme with the German Agency for Technical Co-operation (GTZ) and the Committee of Technikon Principals. The Trust has been established to further implement the Technology Stations Programme (TSP).

The TSP provides skills development training to SMMEs to enhance their innovation capacity and competitiveness, while exposing students at technical universities to practical situations facing businesses. It aims to address product and process technology needs of SMME manufacturing and the service industry through technology transfer, development and diffusion and enrich the R&D capacity of technical universities. Seven stations are currently operational in the fields of electronics and electrical engineering complemented by IT as imbedded in electronic processes and products; Metals value adding, product development and rapid prototyping; Chemicals (at two of the technical universities); Composites; Automotive Components and Textiles and Clothing. The Tshumisano Technology Stations Trust will build on this very successful collaboration, stimulating job creation, skills transfer and application, a culture of innovation and increased social and economic investment.

Another initiative is the GODISA Programme, launched in 2001 to stimulate technology transfer. It is currently supporting eight technology transfer centres in five provinces, focussing on a multitude of technology platforms and markets such as biotechnology, life sciences, medical devices, software, embedded systems, fine and performance chemicals, small scale miners and hydroponics for cut flower exports.

The National Skills Development Strategy provides for SETAs to support centres of excellence in research and development and skills development, which are aligned with industrial development priorities.

The National Business Initiative (NBI) works extensively in the Further Education and Training (FET) sector and was responsible for the Colleges Collaboration Fund, a five-year intervention that saw the amalgamation and strengthening of the sector. They are currently engaged in the College Industry Partnership – which brings industry and the colleges together to work on a responsive FET sector with a useful curriculum that ensures the right skills are entering the market place.

C.3 Financing

3.1 Measures to promote competition in the domestic financial sector

The South African Competition Economics Forum (SACEF) participated in the National Treasury Task Team on competition in banking. The draft report drew on experience in the UK, where it was found that customers need more transparent information on bank charges to aid them in comparing charges between banks, and that switching costs should be reduced, by requiring banks to simplify procedures and to share client information and history with other banks. The report found that penalty fees, charges for essential services or charges for services not open to competition should be on a cost-plus basis and open to regulatory oversight. These findings sprang from a general concern over the high level of bank charges in South Africa.

The report also recommended enabling legislation to involve 2nd and 3rd tier banks, and the conversion of the Postbank, to roll out access to financial services to previously un-serviced customers. At the upper end of the market, Government should enable foreign banks to enter the market. The establishment of a deposit insurance scheme was also recommended.

3.2 Measures to facilitate access to credit by non-state industrial enterprises, notably by SMEs

A Task Group of the Policy Board for Financial Services and Regulation investigated SMEs' access to finance in South Africa and the following main findings emerged from the Task Group's study:

For those SMEs with acceptable "credit histories" and sufficient collateral, access to bank credit *appears to be* satisfactory. For start-ups, micro-enterprises, entrepreneurs from previously disadvantaged communities or any other group with limited collateral or weak (or limited) credit histories access is more limited. Another area of concern is SMEs' access to money transfer services and the cost of such services. The Task Group is of the opinion that certain structural features of the sector (such as banks' ownership of settlement systems and the barriers to entry into the banking sector) as well as certain business practices (e.g. the lack of an uniform disclosure regime of fees and charges in terms of a basic banking package) may constitute obstacles to a competitive and consumer-friendly market.

Incentives are in place to raise overall levels of manufacturing investment such as the 1996 Tax Holiday Scheme (THS) and the Small and Medium Manufacturing Development Programme (SMMDP) introduced in 2000. This was later extended beyond manufacturing as the Small and Medium Enterprise Development Programme (SMEDP). In 2001 an incentive programme for large, strategic projects was introduced: the Strategic Industrial Projects (SIP). The Critical Infrastructure Fund (CIF) was initiated to supplement up to thirty percent of the cost of project specific infrastructure. Other support measures include the Sector Partnership Fund, Competitiveness Fund the Export Marketing and Investment Assistance (EMIA) programme and the South African Micro-finance Fund (Apex) to support micro-enterprises. The Black Business Development Supplier Programme was introduced as an 80:20 grant scheme to finance services to help black owned firms improve their core competencies.

3.3 Measures to strengthen long-term financing for infrastructure and industry

Several investment incentives have been created for the potential investor in South Africa. In order to encourage business sectors to open up to investors, no government approval is required, and there are almost no restrictions on the form or extent of foreign investment.

The current tariff reform programme is specifically aimed at lowering input costs for the producer, while import controls have been relaxed in line with South Africa's General Agreement on Tariffs and Trade (GATT) and World Trade Organisation (WTO) obligations.

The state-owned Industrial Development Corporation promotes investment by funding viable projects with development impact. It operates throughout South Africa and offers a range of financing services for small, medium and large scale industries, so as to assist businesses in the establishment of manufacturing concerns in South Africa and the Southern African region. The most common form of financing given by the IDC is a medium to long-term low interest rate loan. The IDC has in certain cases taken equity stakes in industrial entities.

3.4 Programme to promote transparency in financial markets such as credit rating systems, private and public credit registry systems

The Micro Finance Regulatory Council (MFRC), is the regulatory body of the micro lending industry in South Africa. South Africa is dominated by private credit bureau; TransUnion ITC and Experian are the largest credit bureaux, which service larger credit grantors such as banks and insurance companies. There are however, smaller bureaux that have their own private registries, which are shared amongst smaller lenders including micro lenders. The National Loans Register (NLR) was established to serve as a registry and for the purposes of ascertaining debt levels of borrowers before a lender grants a loan. The NLR is the only public registry in South Africa. It is owned and managed by the MFRC but operated through TransUnion ITC and Experian through service level agreements with the MFRC. In many countries public registers are usually formed for use by bank supervisors where the threshold for reporting debt exposure is relatively higher than consumer credit exposure.

3.5 Policies to provide legal protections to creditors

A comprehensive Bill on regulating credit has been extensively discussed with stakeholders and is now the subject of public hearings in parliament. The Bill aims to protect creditors and debtors.

3.6 Programmes or policies that serve to integrate specific environmental and social concerns into lending practices

Government policies on lending practices in the private sector are confined to the social considerations covered by the National Credit Bill referred to above. However in cases where government institutions like the Industrial Development Corporation lend money to industrial development, environmental and social considerations form part of the lending policy.

As far as private sector lending is concerned, lending policies are based on risk profiles. Lending under circumstances where environmental or social considerations may increase the risk to the lender, would take these issues into account.

C.4 Cooperation

4.1 Programmes to promote international cooperation in the development and diffusion of cleaner industrial technologies

South Africa launched its National Cleaner Production Centre (NCPC) at the WSSD on 3 September 2002. The NCPC exists as a national asset to strengthen market access by South African industry and business sectors through the fostering of networks to transfer Cleaner Production technologies and services that can contribute to the sustainability of value chains by delivering measurable economic, environment and social impacts that support the national priorities of growth equity and employment.

In April 2005 **the dti** launched a National Technology Transfer Centre (NTTC) that will provide a range of services to enable industry to access and transfer technology. A Technology Transfer Fund is available to assist companies and communities with the process of transferring technology.

4.2 Programmes to facilitate contact and information sharing between domestic industrial enterprises and overseas suppliers, customers, partners

Information on business and industrial sectors both provincially and nationally can be obtained through a variety of state departments and public entities. The Department of Trade and Industry provides information on the manufacturing sector and its 27 sub-sectors.

The Industrial Development Corporation of South Africa's sectoral strategic business units also provide information on and assistance to the following sectors:

- Agro-industries
- Chemicals
- Empowerment
- Entrepreneurial mining and jewellery
- International finance
- Metals, transport & machinery
- Southern African development community (SADC)
- Techno-industries
- Textiles, clothing, leather & footwear
- Tourism
- Wholesale finance
- Wood, paper & other
- Media and motion pictures.

Trade and Investment South Africa (TISA) is a division of the Department of Trade and Industry (**the dti**), a national government department. Its mandate is to develop the South African economy focusing on Investment Development and Promotion; Export Development and Promotion; and Sector Policy Development.

TISA primarily focuses on three areas notable Export Development and Promotion, Investment Promotion and Facilitation and Customised Sector Development. TISA is also responsible for developing and promoting South African goods and services including specific technical interventions in terms of export advice, matchmaking and market intelligence. This business unit aims to increase the competitiveness and export capacity of South African companies so that they are able to export into various markets. The assistance provided is in the form of financial or non-financial assistance.

Sectoral industry associations are generally members of international associations operating in their sector and share information through that vehicle. A number of websites have been established to facilitate access to information on trade and investment opportunities in South Africa.

4.3 Programmes to facilitate regional cooperation in the creation of a policy environment conducive to region-wide industrial development

The Government's foreign policy principles are to seek to prevent conflicts and promote the peaceful resolution of disputes, promote democratisation, disarmament and respect for human rights, advance environmentally sound, sustainable development and poverty alleviation. South Africa plays an important role in Africa. South Africa's president, Mr Thabo Mbeki, is one of the founders of the New Partnership for Africa's Development (NEPAD), which has received support from several developed countries including the G7 countries.

South Africa is a member of the Southern African Development Community (SADC) (along with Angola, Botswana, the Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, Swaziland, Tanzania, Zambia and Zimbabwe), the Common Monetary Area (together with Lesotho, Namibia and Swaziland), the Southern African Customs Union (SACU) (together with Lesotho, Botswana, Namibia and Swaziland) and a founding member of the African Union (which succeeded the Organisation of African Unity (OAU) in July 2002). South Africa maintains important trade and investment links with other African countries, and these have increased substantially in recent years. Over the last ten years South Africa has been the single largest foreign direct investor into Africa.

Since South Africa joined the Organisation of African Unity (OAU) as a full member in 1994, it had been increasingly involved in a broad spectrum of OAU activities, particularly the pursuit of peace, democracy and economic development in Africa. The OAU, the pre-eminent political and economic body of Africa, was succeeded by the African Union (AU) at the OAU/AU summit in South Africa during July 2002. The AU has a significantly expanded mandate from that of the OAU, and will be geared towards addressing the current needs of the African continent, in particular regarding social and economic development. The AU will play a key role in the implementation of NEPAD, the New Partnership for Africa's Development, which seeks to promote investment, development and good governance in Africa. The objectives of the AU include achieving greater unity and solidarity between the African countries and the peoples of Africa; accelerating the political and socio-economic integration of the continent; promoting peace, security, and stability on the continent and promoting democratic principles and institutions, popular participation and good governance.

Also see section 1.4: **Error! Reference source not found.**

C5. Case study of a successful national industrial development programme/strategy: Platinum Jewelry Project

5.1 The problem or issue addressed

The concept of developing a world class Platinum Jewellery centre, (incorporating both production and a training and development centre) in Rustenburg was mooted in early 2000. At that time, it was decided to undertake short and inexpensive review of the potential for Platinum jewellery, to ascertain whether or not such a project had even a conceptual chance of success. The results indicated that the macro economic variables were favourable for such a project and were likely to remain so for some time. Since substantial, credible and current market research was available to the project team it was decided to proceed directly to the development of a business plan without undertaking an interim feasibility study.

South Africa is the world's largest producer of Platinum at 80% of global production and global demand for platinum jewellery has risen from 17.4 tonnes in 1980 to 89.3 tonnes in 1999. Jewellery as an application represents over 53% of offtake for Platinum metal. Despite the resources at its disposal, the development potential of the South African Platinum Jewellery Industry has not been realised. South Africa currently produces approximately 0.3% of the world's precious metal jewellery but platinum jewellery represents a tiny portion of local manufacture.

This plan began its development in March 2001. A team[1] of experienced and well-qualified professionals with substantial domestic and international experience in the Jewellery Industry was commissioned to put together the plan. Prior to the second phase implementation,

[1] Claire Minnit, CEO of Nine Dots, an expert in international Jewellery marketing, undertook marketing analysis and planning. D & H Setz, Master Gold and Platinum Smiths, undertook the production, set up and training elements. Johan Streuders, CEO of DECTI Financial Services and his team undertook the task of pulling together the detailed financial structure and analysis. The project was led by Marion Stewart on behalf of the NBI, and the lead consultant was JM Rowe-Setz.

presentations were made to the MEC Economic Affairs of North West and various other potentially interested parties.

Drivers for the development of Platinum jewellery manufacture in South Africa are clear. They are primarily South Africa's position as a major Platinum producer, the presence of complementary products (gold, precious and semi-precious stones) and the proven capability of South African firms such as Anglo American, De Beers and various other metals producers to participate in global markets and brand accordingly. Importantly from a social point of view, there is real potential for job creation at all skills levels in an environment where the mining industry is obliged to shed jobs to stay competitive.

Downstream development of a commercially sustainable nature is one strategy open to South African Mining Houses to assist in developing a better reputational risk profile in world financial markets. There are added potential benefits associated with the Tourist industry. SMME development, black empowerment through equity mechanisms, the potential for FDI and Foreign Exchange earnings and the export opportunity created as a result of the devaluing Rand are related positive outcomes.

During 1998 the North West Province in South Africa developed the North West 2001 Economic Development Strategy to encourage economic growth and development in the Province. Currently, estimates have it that approximately 35% of economically active people in North West are unemployed. Further reductions in employment levels are likely as mining technology improves. A key element of this broad strategy focuses on Small, Medium and Micro Enterprises [SMME], with a vision to create "an enabling environment for small business whereby entrepreneurs will have access to all the services they need to start, grow and sustain their businesses".

The Millennium Development Fund was established with the following objectives:

- Facilitating and supporting small and micro enterprises through establishing financial assistance vehicles
- Developing a network of service providers, who will support, nurture and mentor SMME’s
- To optimise the integration of existing projects with SMME’s to ensure comprehensive impact
- To endeavour to leverage support to the fund from the development funds of the public and private sector

The National Business Initiative (NBI) is a visible expression of the private sector’s contribution to social development in South Africa. The NBI is a vehicle for business to act collectively in partnership with the South African government to build a stable democracy in which a market economy functions to the benefit of all citizens. Established in 1995, shortly after South Africa’s first democratic elections, today the NBI is a thriving not-for-profit, business-based organisation with an impressive membership of over 150 leading companies. The NBI is funded by voluntary contributions from the business community. In late 1998, the NBI was appointed by the North West government to manage the MDF. The MDF Programme Manager identified the Platinum Jewellery Cluster in the Northwest Province as an area for project evaluation and possible implementation.

5.2 Name of the programme
The Platinum jewelry project.

5.3 Timeframe
From 2001, ongoing

5.4 Main objectives

The aims of the project are as follows:

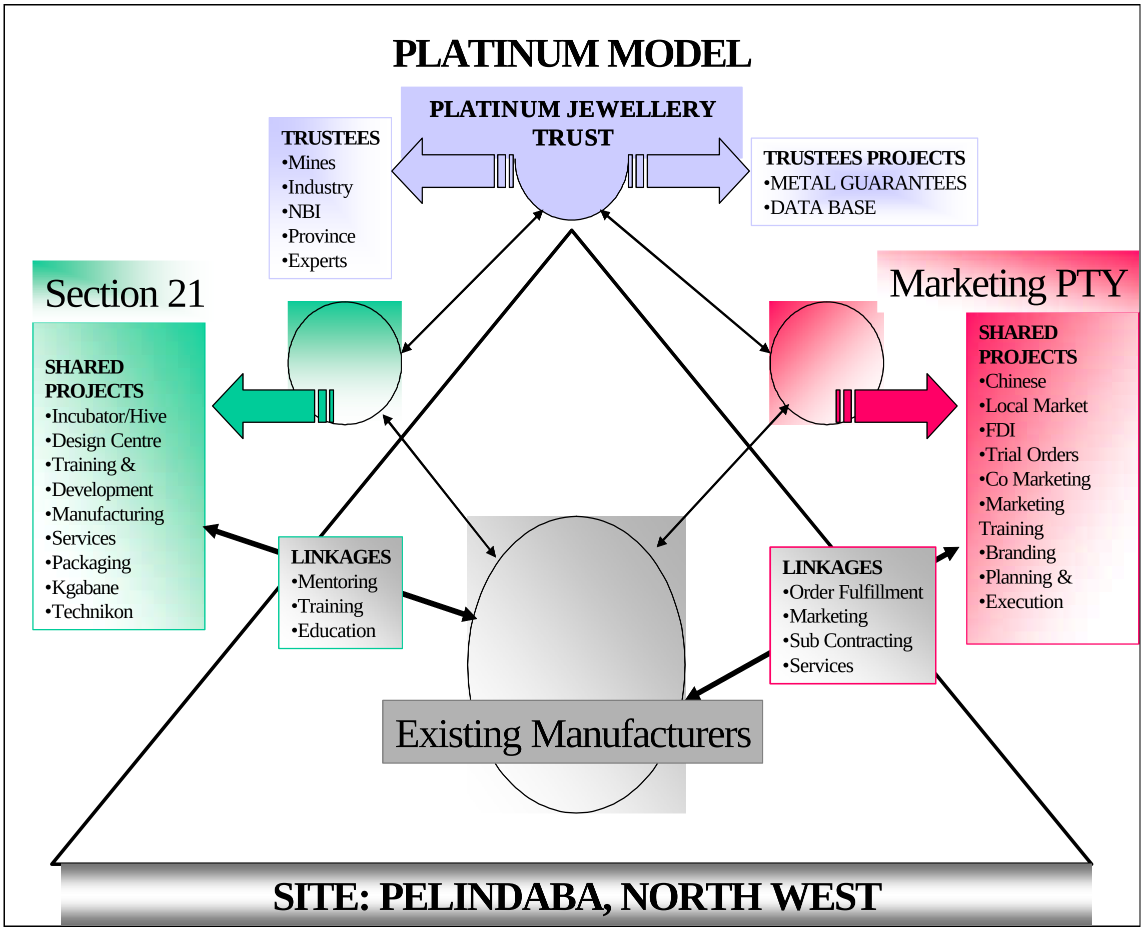
- To create a world class platinum jewellery design, manufacturing and training facility
- Creation of a commercially sound and sustainable downstream platinum facility
- To facilitate the development of an internationally recognised brand for utilisation by the South African platinum jewellery industry locally and internationally
- To build capacity and raise skills levels in the South African platinum jewellery industry with specific emphasis on previously disadvantaged current and potential designers;
- To develop SMMEs in the jewellery industry
- Foster linkages with existing and new initiatives to maximize impact in the platinum jewellery industry
- To establish a jewellery hub in the Pelindaba area of North West Province initially, and
- Ultimately to ensure the development of the South African Platinum Jewellery Industry into a world class player.

The concept is to develop a facility in the North West Province for the manufacture of high quality, high value, individually designed, handcrafted platinum jewellery, differentiated by classic African design, for selected local and export niche markets.

This will be achieved by offering the following:

- Best facilities and best opportunities to the existing pool of highly proficient, reputable craftspeople, including award-winning African designers, leveraging the South African Jewellery Industry's strengths of competitiveness in hand-made products and innovative design
- A world-first Platinum training facility for the development of learner jewellers, emphasising the specific requirements for design and manufacture in the metal.

5.5 Lead Institutions and partners
North-West Province and NBI, mines.



5.6 *Results achieved*

Job creation, if the project is successful, will move from approximately 200 people directly employed/working as entrepreneurs linked to the project in Year 2, to approximately 2 500 jobs/entrepreneurial opportunities in Year 10. This is likely to have substantial positive social and economic impact upon the Rustenburg area, where the Millennium Development Fund is required to make an impact. This does not take account of indirect opportunities and the multiplier effects of such levels of direct employment.

The Platinum Jewellery plan has been developed as a commercial project with positive social spin-offs, rather than a social project with some possible commercial spin-offs.

The central objective in the planning has been to ensure that the project is sustainable commercially, in accordance with normal commercial principles. The working assumption is that the social benefits will result accordingly. Once these were established, the professional team looked at methods of accessing grant or soft funding for specific aspects of the implementation. The extent to which the success of the project is sensitive to the nature of such funding is indicated where relevant.

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