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**Speech by the Minister of Water and Environmental Affairs, at the handing-over of the first Bioprospecting permit to HGH Pharmaceuticals at Khwa Ttu San Cultural Education Centre**

Programme Director

Premier of the Western Cape: Ms Hellen Zille

Representatives from HGH Pharmaceuticals

Representatives from the South African San Council, Paulshoek and Nourivier communities

Traditional Healers or Practitioners

Officials from various departments present today

Ladies and Gentlemen

First and foremost, I am gratified by the warm reception I have received at this important event. I feel extremely humbled.

It is indeed a pleasure, to be handing over the first bioprospecting permit that has been issued in terms of the National Environmental Management; Biodiversity Act, Act 10 of 2004 (NEMBA) and its associated Bioprospecting, Access and Benefit Sharing or BABS Regulations of 2008 to HGH Pharmaceuticals today

We do this as part of our celebration of 2010 as the International Year of Biodiversity (IYB). Biodiversity is the term used to describe life on earth - the variety of living things, the places they inhabit and the interactions between them. These interactions provide us with a number of essential natural services or ecosystem services such as food production, soil fertility, climate regulation, carbon storage - that are the foundation of human well-being.

We live in a country that is rich in biodiversity- ranked third after Brazil and Indonesia. We are home to approximately 24 000 plants species and contain an entire floral kingdom within our borders. These natural and cultural resources underpin a large proportion of the economy and many urban and rural people are directly dependent on them for employment, food, shelter, medicine and spiritual well being.

Ladies and gentlemen, our country is a signatory to various international multilateral agreements relating to the conservation and management of biodiversity, and in particular the Convention on Biological Diversity or CBD.

As party to the CBD, South Africa is committed to its obligations. The Convention has three objectives namely the conservation of biological diversity; sustainable use of the biological diversity; and fair and equitable sharing of benefits arising from the utilization of genetic resources. I would like to remind you that fair and equitable sharing of benefits is a central pillar to the conservation and sustainable use of biodiversity.

This event is happening at a critical time of the international agenda, and I believe that this project will contribute in advancing the ongoing negotiations of the Protocol on Access and Benefit Sharing under the CBD which is due for adoption in the upcoming tenth meeting of the Conference of the Parties to be held in Nagoya this month.

Historically, a lack of bioprospecting policy framework and legislation has permitted an almost unconstrained access to South African indigenous biological resources and indigenous knowledge, with biological and genetic resources being harvested, sometimes in destructively excessive quantities, and being exported for research and development at institutions abroad for innovative value addition, and off-shore financial benefit.

The absence of recognition of legal and administrative mechanisms to control access to South Africa's genetic resources and to set conditions for benefit-sharing has in the past been a key constraint towards achieving more meaningful benefit sharing for our poor communities.

Since the birth of our democracy in 1994, a number of major policies, strategies, programmes and legislations that encourage conservation and sustainable utilization of biological diversity including medicinal plants have been developed and they are currently administered by the three spheres of government.

The National Environmental Management Biodiversity Act provides for policy framework on bioprospecting, access and benefit sharing. The legislation stipulates that no person may without a permit conduct commercial bioprospecting on any indigenous biological resource, or export any indigenous biological resources from South Africa for bioprospecting or any other kind of research.

The Bioprospecting, Access and Benefit Sharing or BABS Regulations were developed and promulgated to regulate the permit system in so far as that system applies to bioprospecting involving any indigenous biological resources, or the export from South Africa of any indigenous biological resources for the purposes of bioprospecting or any other kind of research. In addition, the BABS Regulations set out the contents of, requirements and criteria for benefit-sharing and material transfer agreements. The BABS Regulations entered into force on 1 April 2008.

Through this permit system, the Regulations govern the use of indigenous biological resources or associated traditional knowledge targeted for research and development or bioprospecting with an intention to commercialize the end product.

Since the coming into effect of the Regulations, the Department of Environmental Affairs has received a number of permit applications, including the one submitted by HGH Pharmaceuticals.

The application submitted by HGH was evaluated and it was found that HGH Pharmaceuticals complied with all the legislative requirements of NEMBA and its associated BABS Regulations. The benefit sharing agreement required by the legislation was concluded with the appropriate stakeholders and provides for fair and equitable sharing of benefits arising from the project.

It is also essential to remember that the issue of equity and benefit sharing and conservation of our natural resources is the cornerstone for economic growth. Sustainable conservation is greatly enhanced when the owners and stewards of medicinal plants receive fair and equitable benefits arising from the use of these indigenous biological resources.

In the context of medicinal plants, equity entails several major components, including the rights of local communities to control access to these medicinal plants.

Where access has been granted, the rights of the local community to fairly negotiate and enter into material transfer and benefit sharing agreements regarding the sharing of benefits arising from the utilisation of their medicinal plants resources; and the rights of local communities to protect their traditional knowledge and be appropriately compensated for any commercial use of their traditional knowledge.

Ladies and Gentlemen, 20 - 50% of the pharmaceutical sector's turnover which is estimated at \$650 billion annually is derived from genetic resources. Herbal remedies and cosmetics produced by pharmaceutical companies are derived from medicinal plants, and many of them are indigenous to

South Africa. This engenders innovative industries to come to South Africa to obtain novel resources to conduct research on for the development of new (medicinal) products and drugs.

Today is an auspicious day in the history of our land, for the handing over of the first bioprospecting permit which will provide benefits to the identified indigenous stakeholder communities of South Africa.

Historically, at least as far back as the 17th century, the Little Karoo and Namaqualand were inhabited by nomadic groups of Khoi and San. Though there are a number of cultural similarities and differences between Khoi and San, the utilisation of *Sceletium* species appears to be one such case of cultural convergence between the Khoi and San, as is its symbolic connections with the eland.

The symbolic significance of the eland in the San culture as the trance animal par excellence is well known. The eland is a predominant and widely recurring feature of San rock art in southern Africa. Quite apart from its economic importance as one of the major objects of the hunt, the eland was symbolically linked to fertility, marriage, rainmaking, divination, dancing, trance and healing.

The Khoi of the Little Karoo referred to *Sceletium* and the eland by the same term 'Kanna'. Hence, the derivation of the place-name 'Kannaland' which was used by the early white settlers in reference to the Little Karoo was doubtless a reflection of the fact that *Sceletium* and eland co-occurred in abundance.

In 1662 Jan van Riebeeck bartered with the local inhabitants and received 'kanna' and sheep in return. Even in 1685 the economic value of the indigenous use of *Sceletium* was already recognised by Simon van der Stel, the second colonial governor of the Dutch Cape colony.

The value of *Sceletium* as a trade item and its value in suppressing hunger and thirst were noted by Thunberg in his 1773 expedition where he cited that, if I may quote, the Namaquaas held the kannaplant in high esteem; they chew the stem as well as the roots and become intoxicated by it.

The first integrated export and bioprospecting permit is held by HGH Pharmaceuticals, working in collaboration with Gehrlicker GmbH, Germany.

The permit holder may only use the indigenous biological resource for the purpose of local and international research on cultivated plant material and extract from *Sceletium tortuosum* and to commercialise the product.

The bioprospecting project will focus on local and international research on cultivated plant material and extracts from *Sceletium* with the aim to successfully produce and market a scientific validated South African medicinal plant. The indications are that the pharmaceutical application of the indigenous biological resource will be for central nervous system conditions. The beneficiaries of the bioprospecting project include the South African San Council (San), Paulshoek and Nourivier or Nama communities.

HGH Pharmaceuticals will pay the South African San Council an annual royalty of the net proceeds they receive. During the first three years the royalty will only be payable in respect of net proceeds received during each year in excess of R 5-million.

The benefit sharing agreement between the San Council and the two local communities provides for the payment of 50% of the royalties received by the San to the Paulshoek and Nourivier communities. In addition, the bioprospecting project will contribute to the enhancement of scientific knowledge of researchers employed at the South African consortium, HGH Pharmaceuticals; acknowledgement is given to the indigenous knowledge of the San through their endorsement logo on the product. Sceletium used in the commercialisation of this product is obtained from cultivation by contracted growers and thus do not impact negatively on the resource in the wild.

The sustainable use of the indigenous biological resource contributes to the creation of employment opportunities in rural areas as the cultivation of the indigenous biological resource is labour intensive. I am positive that many more bioprospecting permits will be issued to applicants that fulfil the requirements of the legislation.

In conclusion, I would like to specifically thank HGH Pharmaceuticals, the San and Nama communities for working together in this project in support of government priorities for poverty alleviation. We are right when we say "Working together we can do more".

Ladies and Gentlemen, it is imperative for all of us to work together to conserve our environment, reduce poverty, create jobs and empower our communities to be able to actively participate and make informed decisions which will improve standard of living. I believe together we can do more collectively to deliver on the environmental goals and targets.

I now officially hand over the first bioprospecting permit to HGH pharmaceuticals and wish them well in their endeavours.

I thank you