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**Harnessing blockchain for sustainable development:
prospects and challenges**

Statement submitted by

South Africa

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South Africa's interventions on the Topic: Harnessing blockchain for sustainable development: prospects and challenges

Chairperson,

Excellencies

Ladies and gentlemen

Good Morning, Good day and Good evening to you all.

Firstly, we thank UNCTAD and the UNCSTD secretariat for this well organised 24th session under the current global challenges of Covid-19. We also would like to share with you some of the progress made in South Africa's Blockchain programmes.

Progress with the implementation of the DSI-funded Blockchain programme

1. For us ,we think there is an urgent need to develop national skills and expertise in this technology, in order to leverage it to take South Africa forward. A vibrant blockchain startup environment is emerging in the country and excellent work is being done by the South African Reserve Bank and others in the financial services environment. A few big banks in South Africa have been selected among the entities that will be trialling Project Khokha 2, a proof-of-concept project which aims to explore the use of digital currency, blockchain and tokenised money in SA. The Intergovernmental Fintech Working Group (IFWG) announced the launch of Project Khokha 2, the second phase of a project designed to simulate a "real-world" trial of a distributed ledger technology (DLT)-based payments system. This is a continuation of the first phase, which took place in 2018, focused on providing participants with practical experience on various aspects of using Distributed Ledger Technology (DLT) in a realistic test environment where different deployment models were used.

2. However, there are also exciting opportunities for blockchain solutions beyond the traditional cryptocurrency/financial system space. The South African National Blockchain Alliance (SANBA) was created in 2019, and launched in April 2020, to address gaps in the existing blockchain ecosystem, as follows:
 - 2.1. To create an umbrella body with the buy-in of all the ecosystem players in South Africa, to ensure better coordination and community support.

- 2.2. To work together as “Team South Africa” (business, government, civil society and academia) for the short-to-medium-term in a pre-competitive and collaborative environment that will benefit all.
 - 2.3. To share resources, skills and knowledge to benefit the whole blockchain ecosystem in the country by creating a network effect.
 - 2.4. To use the ecosystem approach to open up new opportunities by linking the traditional R&D players from universities and research organisations to market and commercialisation opportunities and vice-versa.
 - 2.5. To facilitate the transfer of knowledge, open discussions and execution of business cases to government in order to support service delivery in the country.
 - 2.6. To create a trusted, legitimate body, consisting of representatives of government, academia, business & civil society to work together towards widespread blockchain adoption.
3. In the main, the creation of South African National Blockchain Alliance (SANBA) is meant to enable the following:
- 3.1. Identify short-to-medium-term opportunities to coordinate the blockchain ecosystem in South Africa in a non-competitive environment (concept of co-opetition);
 - 3.2. Identify opportunities to share resources, skills and knowledge to benefit the whole ecosystem (the “network effect”). This also provides access and opportunities for the players in the R&D space to commercialisation and market opportunities in the SA blockchain space;
 - 3.3. A need to connect the various blockchain players to government - in order to facilitate transfer of knowledge, open discussions and execution of business cases to support service delivery in the country; and
 - 3.4. Identified the need for a trusted, legitimate body, consisting of representatives of government, academia, the private sector & civil society that is able to work together towards widespread blockchain adoption.

4. The South African National Blockchain Alliance (or SANBA) was virtually launched on 03 April 2020. It was preceded by two online training sessions that saw 60 people participating. Since its establishment, SANBA has attracted a number of potential strategic partners including the Swiss Embassy, University of Basel (Switzerland), IBM, Microsoft, Amazon Web Services, Department of Trade Industry and Competition, Binance, Cardano Foundation etc.

5. Some highlights of the SANBA work in 2021 include:

5.1. Proof of Concept: Blockchain-based Digital Credentialing

The RFQ (Request for Quote) for a Credentialing Blockchain was issued and work awarded. The work has started on the system. It will be used to demonstrate digital credentials/qualifications to DHET (Department of Higher Education and Training), by linking it to a platform that is being developed for the Services Sector Education and Training Authority (SETA) to accredit skills development for apprentices.

5.2 Proof of Concept: ILIMA - A blockchain-based Farm-to-Fork system for small farmers and processors

The CSIR, South African National Blockchain Alliance (SANBA) and the Kagiso Trust are working on a POC for a "Farm-to-Fork" blockchain solution that enables supply chain management, logistics, traceability, food safety, etc, for emerging farmers and small food processors. They are in the process of putting together partnerships for this ecosystem. In this regard, an Expression of Interest (EOI) for identification and customisation of a blockchain platform for ILIMA, a farm-to-fork solution for emerging farmers and producers was issued in March 2021 and selection concluded.

In conclusion,

5.3 South African National Blockchain Alliance (SANBA) organised a Blockchain training for Government officials. This was aimed at capacitating officials who are at Senior Management (SMS) level with high-level technical

understanding of Distributed Ledger Technology (DLT) and possible applications of Blockchain solutions to service delivery.

We are in agreement with the recommendations made in the Secretary General report and we maintain that international cooperation is more important in this area.

Thank you