SOUTH AFRICA'S TOP 10 INVESTMENT PROJECTS

the dti
Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

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TRADE AND INVESTMENT SOUTH AFRICA (TISA) A DIVISION OF **the dti**

The Investment Promotion and Facilitation Unit facilitates the increase in the quality and quantum of Foreign and Domestic Direct Investment (FDI) by providing:

An efficient and effective investment recruitment, problem-solving and information service to retain and expand investment in South Africa and into Africa.

INVESTMENT SERVICES

The following are services that can be provided by TISA to the investor:

1. Investment Marketing

Marketing of investment opportunities and the promotion of packaged investment projects. **the dti** undertakes various local and foreign marketing initiatives where projects and opportunities can be presented to investors.

2. Investment Information

For decision-making and planning, foreign and local investors can obtain the following:

- Information on the local economic and business environment.
- Information on investment opportunities within South African sectors and industries.
- Information on available incentive packages.
- Information on the local regulatory and legal environment.
- Information on South Africa's trade and investment policies.
- Information on Government policy in strategic sectors.
- An annual investor handbook publication.

3. Business Facilitation and Aftercare

Investors, particularly foreign investors require assistance when exploring investment opportunities or setting up operations in the country. TISA can assist with the following:

- Facilitation of visa for business purposes;
- Inter-governmental co-ordination and regulatory facilitation;
- Facilitation of investment missions, including travel itineraries;
- Introduction to business organsations and service providers;
- Investor Road Map facilitation through dedicated account managers;
- Introduction of investors to key stakeholders in private and public sectors;
- Introduction of investors to potential joint venture partners and black economic partnerships;
- Guidance with plant/site locations;
- Facilitation in obtaining finance and incentives;
- Logistical support for relocation;
- Business linkages and partnership with local and foreign companies;
- Provision of specific solutions to any problems that may arise after the initial investment;
- Advisory support on relocation;
- Aftercare, retention and expansion service; and
- Assistance with work permit applications, company registration and environmental impact facilitation.

4. Outward Investment

As part of the Government's objective to assist in the economic development of its neighbouring countries, TISA can assist locally based business to enter into foreign countries by:

- Introduction to Investment Promotion Agencies and Government agencies in Africa;
- Introduction of investors to projects and key stakeholders in private and public sectors in Africa; and
- Project financing and deal structuring with financial institutions.

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BIOFUELS

DESCRIPTION

The South African Government has set a target to achieve a 2% penetration level of biofuels in the national liquid fuel supply or 400 million litres per annum. This is set out in the Government's 2007 Biofuels Strategy.

The following crops are proposed for the production of biofuels in the country: sugar cane and sugar beet for bio-ethanol, and canola and soya beans for biodiesel. The exclusion of other crops and plants, such as maize, is based on food security concerns. The current strategy requires approximately 1,4% of arable land in South Africa (currently 14% of arable land is under-utilised).

The biofuels strategy is set to contribute towards the achievement of South Africa's renewable energy goals, energy security and the reduction of greenhouse gas emissions. The Biofuels Industrial Strategy is based on the development of partnerships along the value chain and across all relevant sectors. The Strategy envisages the creation of a reliable market for fuels from biological sources. Biofuels can be used as blending components in both petrol and diesel production. In the case of petrol, bio-ethanol can substitute a number of octane boosters currently used by the oil industry and biodiesel can be used by the synthetic fuels producers and other producers as a blending stock.

The Strategy also relies on the pegging of the sales price of bio-ethanol and biodiesel as blending components at a price that covers the costs associated with running a biofuels plant, agricultural feedstock and transportation.

Only biofuels plants that have been identified to assist in achieving the initial target will receive Government support and their location will be a condition of the issuing of a manufacturing licence. The plants will be located throughout the country, depending on the investor's choice and as per the condition of licences.

OPPORTUNITIES

The following incentives are currently in place for biodiesel as a product (separate incentives for producers will be released in the 2013/14 financial year):

- Biodiesel enjoys a 40% fuel levy exemption. This is set to increase to 50% once Government has issued the new guidelines and incentives; and

- A 100% fuel tax exemption is proposed for bio-ethanol as it can also be used in markets other than the traditional petrol market, e.g. ethanol gel that competes with illuminating paraffin. The latter carries no levies.

The producer support mechanism will be used to balance the difference in fuel tax support to bio-ethanol and biodiesel by setting a fixed margin price.

To ensure that South Africa produces fuel that is more environmentally friendly, support mechanisms will be introduced for both biofuel production and the upgrade of oil refineries to cleaner fuel standards.

REQUIRED INVESTMENT

To achieve the initial target of 2%, investments of approximately R4 billion will be required over an initial five-year period.

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BUSINESS PROCESS OUTSOURCING

OVERVIEW

Since 2007, South Africa has been one of the world's upcoming Business Process Outsourcing (BPO) offshore destinations. Major companies such as Lufthansa, Amazon, ASDA, Shell, and T Mobile have set up captive centres. Providers like Capita, Serco and WNS have acquired, or partnered with, local companies to steer their client work to South Africa's advantageous offering, and new outsourcing deals have been struck, for example, Shop Direct-Serco-Teleperformance and iiNet-Merchants. Much of this has occurred in the last 18 months. Accelerating growth has seen South Africa become a 'go-to' destination.

KEY BENEFITS

South Africa's unique BPO offering assistance:

- Skilled English-speaking talent in scale, sustainable cost competitiveness and incentives to benefit investors;
- Savings of 50% plus on a steady-state operating basis from UK Tier-2 locations;
- Salaries and real estate costs have remained more or less flat since 2010;
- Up to 20% reduction in operating costs resulted from BPS incentives (£3.5 per FTE); and
- BPS incentives of £13 million committed for offshore jobs created in 2011

FAST-PACED INDUSTRY MOMENTUM

- 18,500 existing offshore jobs, 18% growth year-on-year between 2010 and 2012
- Ambitious vision to create 30,000 additional jobs by 2015
- Clear successes in serving the UK market with recent marquee wins and spate of inbound M&A activity

BUSINESS-FRIENDLY ENABLING ENVIRONMENT

- Robust telecom infrastructure with rapidly decreasing telecommunication costs (90% reduction since 2003)
- Monyetla talent development programme generating pool of industry employable talent; 4,500 learners employed
- Relocation planning
- Start-up assistance relating to business set-up

requirements, including company registration, visa and various permit applications
- Assisted access with municipal planning services and compliance the necessary municipal and zone building regulations/guidelines
- Assisted regulatory compliance and government services access
- Application support for national and local incentive programmes and benefits
- Labour recruitment and skills development facilitation

EXAMPLES OF CURRENT DELIVERY


CONTACT CENTRE FOR UK

Distictive location to deliver contact centre activities across channels for the UK market

ASDA, British Gas, T-Mobile, Lufthansa, Virgin Mobile

Customer contact services involving:

- Complex interactions
- Late-stage collections
- Product renewals
- Actuarial modelling, pricing
- Offshore fund administration
- End-to-end order to cash BPO
- LPO for large firms
- Healthcare eligibility services
- Sales and delivery base for the rest of Africa
- Shared services hub


COMPLEX, NON-VOICE BPO

complex, judgement oriented processes in key domains to deliver higher business value

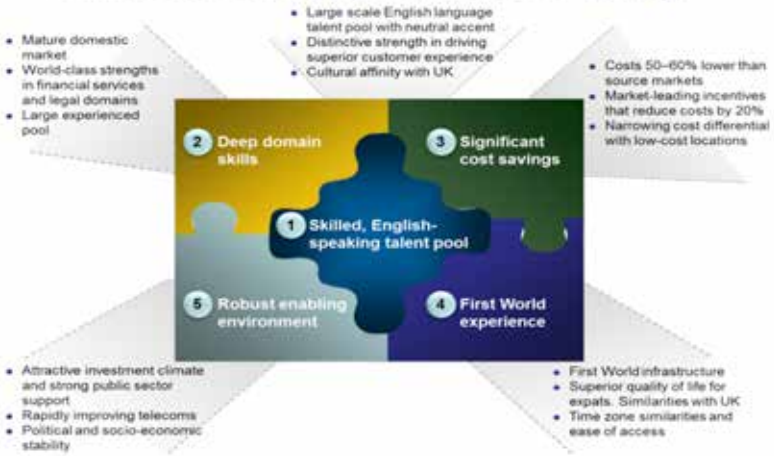
BARCLAYS, J.P.Morgan, OLD MUTUAL, Investec, PRUHEALTH


GATEWAY TO AFRICA

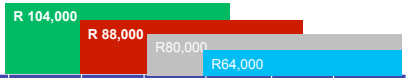
Platform to provide shared services or access broader markets in the sub-Saharan African region

Microsoft, 3M, CISCO, Standard Chartered

South Africa's value proposition for BPO delivery



INCENTIVES PROVIDE SIGNIFICANT FINANCIAL BENEFITS AND FLEXIBILITY IN USAGE



Structure & Quantum

Number of offshore jobs created each year	Incentive	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Upto 400	Base Incentive[1]	R40,000	R32,000	R32,000	R24,000	R24,000	R16,000
401-800	20% one-off bonus	Bonus calculated for each job between 401 and 800[2]					
Greater than 800	30% one-off bonus	Bonus calculated for each job in excess of 800[2]					

Eligibility

- Local and foreign investors registered as legal entities in South Africa that create at least 50 offshore BPO jobs over a period of 3 years and are delivering services to clients located outside South Africa
- Types of business processes that can benefit from the incentives include Back Office Processes, Contact Centres, Shared Services, Finance and Accounting Services, Human Resource Functions, IT and Technical Services and other Specialist Services

Disbursement & use of funds

- Can be used to offset against all types of expenditure at investor's discretion
- Disbursed twice a year for three years for each offshore job created and maintained

1 Base incentive paid for 3 years on actual jobs created and sustained
2 Bonus incentive paid once in the year in which the bonus level is first achieved

ADDITIONAL FACTS

	Cape Town	Johannesburg	Durban
Nominal monthly rentals for A grade office buildings (£/m2)	7-9	CBD: 5-7 Sandton:10-12	CBD: 3-5 La Lucia/Berea: 8-10
Differences in average salary of entry-level talent (compared to Cape Town)		10% higher	10% cheaper

	Cape Town	Johannesburg	Durban
Average attrition (annual)	27%	25%	22%
Differences in scalability (Estimate of time required to scale up by 100 FTEs for English language contact centre services)	3 Months	3 Months	3 Months
Entry-level Talent pool: High School Equivalents	33,000	69,000	83,000
Entry-level Talent pool: Annual Tertiary Graduates (Includes non-degree tertiary graduates)	15,000	30,000	27,000

Note: Talent pool representation for the province
Source: Department of Basic Education, Everest Research Institute (2012)
GBP£1,00 = R16,30, US$1,00 = R10,08, A$ 1,00 = R9,40 as of 1 October 2013
(*Source: www.oanda.com*)

INVESTMENT OPPORTUNITIES

- Call Centres
- Back Office Processing
- Shared Corporate Services
- Enterprise solutions in service lines such as fleet management, knowledge management and asset management
- Science Parks
- IT Incubation Centres
- Knowledge Process Outsourcing
- Legal Process Outsourcing

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CENTURION AEROSPACE VILLAGE

DESCRIPTION

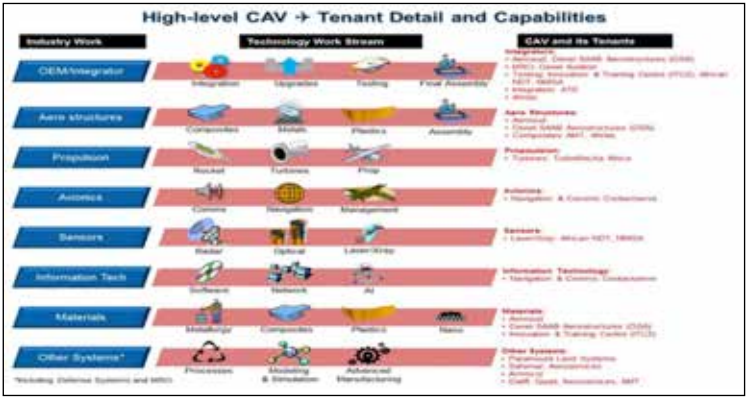
The broad objectives of the Centurion Aerospace Village (CAV) include the development of a sustainable supplier base by integrating the local Industry into the Global Supply Chain, to stimulate hgh-tech research, development and innovation, skills development and shared services efficiency.

The CAV, an initiative of **the dti**, was established in mid-2006 as an outcome of the AISI supply chain development programme and will become a world-class aeromechanical manufacturing cluster. It is a high-tech advanced manufacturing aero-mechanical and defence cluster aimed at integrating sub-tier suppliers of the local industry into the global supply chain. The concept of the CAV is to ring fence sub-tier suppliers in close proximity to Tier 1 suppliers such as Denel and Aerosud.

The CAV initiative is based on international best practice, where large numbers of Small, Medium, and Micro Enterprises (SMMEs) are integrated in the Original Equipment Manufacturer (OEM) supply chain by being clustered around the Tier 1 manufacturer such as the one in Toulouse, France, using the Airbus assembly facility.

The current focus of this initiative is the development and construction of the Landside (i.e. tenants who do not require runway access) as well as airside. The development will be implemented in a phased approach.

OPPORTUNITIES



FOR ENTRANTS TO INDUSTRY / RELOCATING TO THE CAV CLUSTER

- Development and mentoring SMMEs
- Broad-Based Black Economic Empowerment (B-BBEE) support and promotion
- Skills development
- Economies of scale
- Economies of Agglomeration
- Reduction in Lead time
- Production and logistical cost effeciencies
- Network Effect
- Knowledge spill-over
- Industrial Financing

INVESTMENT REQUIRED

Phase 1 (infrastructure): Landside and airside infrastructure = R881 million

Phase 2 (building): Landside and airside building = R498 million + R1.9 billion

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COEGA INDUSTRIAL DEVELOPMENT ZONE

1. ABOUT COEGA INDUSTRIAL DEVELOPMENT ZONE

The 11,500ha Greenfield Coega Industrial Development Zone (IDZ) operated by state-owned entity (SOE) Coega Development Corporation (CDC) is located on South Africa's Eastern Cape coast. The Coega IDZ is widely regarded as one of South Africa's foremost investment locations, given its proximity to the city of Port Elizabeth, serviced by two ports: the deep-water port of Ngqura and the port of Port Elizabeth, making Coega a shipping gateway to American, European and Pacific Rim markets. The multibillion-rand industrial park is adjacent to the new Deep Water port of Ngqura, which offers purpose-built container, bulk and break-bulk terminals. The Coega IDZ was launched in 2001 as the first IDZ in South Africa. In 2002, ground was broken on major construction and port infrastructure that supports the IDZ today. In 2008, the CDC took over the management of the Nelson Mandela Bay Logistics Park. The ultimate aim of the Coega IDZ is to encourage both inward and foreign direct investment into South Africa's export-focused industries.

2. KEY COMPETITIVE ATTRACTIONS

a. TOP REASONS TO INVEST IN COEGA IDZ

- **Global competitiveness through incentives:** Tax incentives, rebates and customs-controlled areas.
- **Built for business:** Business location purpose-built for manufacturing including beneficiation of export goods, investment and local socio-economic growth – skills development and job creation.
- **Ease of doing business:** South Africa is a low-cost and top location for ease of doing business. The general ease of doing business is enhanced by the IDZ advantages and incentives.

- **Safe investment**: South Africa is among the top 10 globally for securing investor protection and sound fiscal governance. South Africa has a stable economy and market-oriented business culture.
- **World-class infrastructure:** Strategic location at the crossroads of east-west trade routes globally and within Africa; presence of world's major shipping and logistics companies; adjacent to a modern, deep-water port with container, bulk and break-bulk terminals.
- **Quick availability**: Availability of land customised for heavy, medium and light industries, serviced sites and fast-track construction of factories, warehouses and office complexes on 11,500ha of land.

b. ASSISTANCE AND SUPPORT FOR NEW BUSINESS INVESTORS

- **Business Advice and Support**
  The CDC offers a one-stop shop in providing advice and support on investing in the Coega IDZ. The service centre exists to give the business development assistance you require in a single call, whether you are investigating business opportunities or seeking consultation or more practical information about the benefits of investing in a dedicated industrial zone.
- The CDC offers a complete package of tailored business management services and products, including:
  - Total project management solution for infrastructure projects
  - Human resources services
  - Travel and travel-oriented services
  - Strategic management

3. COEGA IDZ KEY ECONOMIC SECTORS

Many multinational companies in a variety of sectors have already invested in Coega IDZ. The automotive cluster, which represents the entire value chain of the auto manufacturing industry, is the strongest contributor to the IDZ and the greater Nelson Mandela Bay Metro area. Major companies already invested in the IDZ and greater region include: General Motors and Volkswagen. The more than 150 suppliers in the area include Goodyear, Bridgestone, Corning, Visteon, Hella, Faurecia, LUK and Johnson Controls. The OEMs and most of the suppliers serve both the local and export markets. The key sectors include:

- General Manufacturing
- Agroprocessing (Aquaculture, Food packaging and Food Processing)
- Metals and Metallurgy
- Automotive and auto components
- Logistics
- Services (Business process outsourcing)
- Energy (Renewable Energy, Conventional Energy)
- Chemicals

4. COEGA INDUSTRIAL DEVELOPMENT ZONE – INVESTMENT PROJECTS

A. CHEMICALS

Key Reasons

The multifaceted chemicals manufacturing sector in Coega IDZ, and in South Africa as a whole, offers key growth and investment opportunities, of which pharmaceuticals and plastics are the most important. The Department of Trade and Industry's (**the dti**'s) policy action plan outlines key opportunities in these sectors.

a. Pharmaceuticals

Pharmaceuticals is one of the key chemical industries in the Eastern Cape. Nelson Mandela Bay is home to Aspen Pharmaceuticals, the largest generics manufacturer in the Southern Hemisphere. The pharmaceutical industry aims to attract investment in local production of vaccines, diagnostics and biological medicines.

b. Plastics

The Eastern Cape's plastics industry is highly diversified, including automotive, packaging, moulding and extrusion, medical, household and construction manufacturing.

Reasons to invest in Coega IDZ chemical manufacturing sector

- Established industrial base with accompanying export infrastructure and locally sourced raw materials
- Incentives for investment in manufacturing sector and IDZ
- Broad opportunities in a wide variety of manufacturing sub-sectors
- Low operating and labour costs, highly skilled workforce available

Potential Projects

- Crude oil refinery and its downstream petrochemical products
- Chlor-alkali and downstream-related products
- Styrene butadiene rubber
- Terephthalic acid
- Non-packaging plastics
- Biodiesel and silicon carbide (using petroleum coke from refineries)
- Pharmaceuticals

B. AGRO-PROCESSING

Key Reasons

The Eastern Cape has a largely rural, agricultural history. More than 15,000ha of land are used for citrus production (26% of South Africa's citrus production). Citrus production opens the door to multiple agro-processing investment opportunities, while the Eastern Cape's agricultural diversity, including milk and dairy products (the region has 800+ milk producers), deciduous fruit, ostrich meat, livestock (and textiles such as wool and mohair) and fish/seafood adds to the opportunities available.

Reasons to invest in Coega IDZ agriculture sector

- Established infrastructure to reach internal and external markets:

possibility for overnight just-in-time delivery to South Africa's major consumer centres (Johannesburg, Durban and Cape Town)
- Broad opportunities in sub-sectors/ branches of agro-processing
- Low labour costs, workforce and agro-processing background in place
- Opportunities for advanced food processing investment/high-value products
- Diversification into speciality products (e.g. pectin, essential oils)
- Incentives: 15-30% reimbursement of qualifying capital investment (200 million ZAR cap) on regressive scale over two years; food logistics companies in the CCA may claim VAT and duty suspension

Potential Projects
- Aquaculture (farming and processing)
- Meat processing
- Dairy processing
- Citrus products (dried fruit, fruit peels, pectin production, essential oils, fruit fibres)
- Soya cake meal and oil
- Salt production
- Food packaging
- Food logistics

C. METALS AND METALLURGICAL INDUSTRY

Key Reasons

Mining contributes about 6,5% of South Africa's GDP and is the country's largest single private employer (500,000 people), with small-scale mining operations making a significant contribution to job creation. More than 100 years of mining has developed unique South African expertise, as South Africa is the world's leading producer of minerals and metals. There is a huge potential for the discovery in areas yet to be exhaustively explored and beneficiated.

The CDC has allocated two zones in the IDZ for primary metal investments. Zone 6 is a Ferrous Metals Cluster (1,05ha) that has been designated to attract iron, steel, ferro-alloy (FeMn, FeCr and FeNi) and

stainless steel manufacturers, while Zone 5 is for non-ferrous metals (758ha).

Reasons to invest in Coega IDZ metals sector

- Established infrastructure: Access to major port and rail infrastructure
- Skilled, available workforce with specialised, sector-specific capabilities
- Cross-sector synergies and benefits (e.g. manufacturing and mining)
- Incentive packages to include grants, tax relief and others on national, provincial, municipal and IDZ-specific levels
- Access to local raw materials

Potential Projects:

- Ferro chrome
- Stainless steel
- Iron and steel
- Aluminium beneficiation
- Ferro manganese smelter

D. AUTOMOTIVE AND AUTOMOTIVE COMPONENTS

Key Reasons

Port Elizabeth and Coega IDZ are automotive manufacturing hubs for all of Southern Africa, from construction, processing and parts to export and distribution. The Nelson Mandela Bay area (including Coega IDZ) is home to three of eight of South Africa's vehicle assemblers, seven of the top 10 global component manufacturers and three of four of the world's largest tyre manufacturers.

The automotive sector accounts for almost 8% of South Africa's GDP. Essentially, the entire value chain of the automotive sector is well-established in South Africa, serving a global market.

Reasons to invest in Coega IDZ automotive sector

- Home to one of the world's most diversified automotive industry

zones, including giants like GM and Volkswagen.
- Dedicated, secure customs zone: Warehousing, packing, unpacking and assembling vehicles or components, only paying import duties and VAT when products leave the Coega IDZ.
- Logistics strengths: Coega provides access to global markets with the purpose-built deepwater port of Ngqura and the port of Port Elizabeth.
- Skilled, available workforce and established training programmes for automotive sector.
- Duty-free access to key international export markets with preferential entry to European market.
- Incentives and grants: South African Motor Industry Development Programme (MIDP) offers export and import write-off schemes.

Potential Projects:
- Automotive components
- Original Equipment Manufacturers (trucks, buses, rail)
- Tooling

E. SERVICES – BUSINESS PROCESS OUTSOURCING

Key Reasons:

Business Process Outsourcing (BPO) is a major business opportunity in South Africa, as evidenced by the existence of the Business Process Enabling South Africa association. Coega offers numerous advantages in setting up BPO operations, including infrastructure, skills/education, language and time-zone compatibility.

Reasons to invest in Coega IDZ business process outsourcing sector:
- Strong BPO-supporting infrastructure: Reliable power and high-speed, high-tech telecoms and internet infrastructure to the Coega IDZ.
- Productive, skilled workforce: Eastern Cape contact centres are widely recognised for their productivity; the Coega skills database lists hundreds of candidate employees with telephony skills; Eastern Cape contact centres

have one of the lowest attrition rates in South Africa (less than 2%).

- Language skills: English is widely spoken and with a neutral accent for European markets, and Port Elizabeth is home to more than 28,000 English-speaking students.
- Time-zone compatibility: South Africa's time zone aligns with that of the United Kingdom and Europe.
- World-class BPO facilities at Coega: Coega offers a BPO park that accommodates 1,500 seats and covers 16,600m², including offices, training rooms, boardrooms and a data centre (offering managed services for reporting and ICT infrastructure and operations management).

Potential Projects

- BPO (financial, health, legal, municipal services)
- Call centres (debt collection)
- Customer service operations, back office operations
- Data recovery centre

F. ENERGY

Key Reasons

The Coega IDZ is engaged in both conventional energy (CE) and renewable energy (RE) projects that aim to attract and sustain investment projects to the region.

a. Conventional Energy

Coega IDZ will be home to an Open Cycle Gas Turbine (OCGT), fuelled by diesel with a total capacity of 1,020MW. The OCGT power station will be the first of its kind to be operated by an Independent Power Producer (IPP). The CDC has a Combined Cycle Gas Turbine (CCGT) power station in the pipeline, which will use liquefied natural gas (LNG) as a fuel source (an LNG terminal will be co-located there) as well as a 400,000-barrels-per-day Oil Refinery that will be operated by PetroSA, a state-owned oil company.

b. Renewable Energy

Flowing from the 2011 Department of Energy (DoE) IPP Programme, which aims to achieve 3,625MW (wind, solar, biogas, biomass, landfill), the CDC is recruiting foreign direct investment for green technologies. In its Renewable Energy Strategy, the CDC sees green technologies as an enabler to economic growth and green jobs with downstream and upstream opportunities. In the rollout for the IPP Programme, 2,459.40MW (1,196.50MW wind energy and 1,248.60 MW Concentrated Solar and Solar PV) has been allocated in Phase 1 and 2 of the Bid Process. Approximately 1,200MW of the allocation is in the Eastern Cape and in the Coega IDZ environs – thus strengthening the business case for component manufacturing. Recently, the DoE announced that it is extending its procurement plan with additional renewable energy generation capacity of 3200MW between 2017 and 2020. This ensures that the Renewable Energy localisation programme is sustainable and profitable.

Reasons to invest in Coega IDZ energy sector

- The Coega IDZ is the green technology manufacturing hub of South Africa, with more than 1200MW planned renewable energy generation projects between 3km and 200km from the IDZ.
- Coega has three wind farm project investments in various stages of development, with a planned generation capacity of 183MW.
- Other Renewable Energy projects include a 12MW photovoltaic (PV) farm, a biomass pellet plant and two biofuels projects in the pipeline.
- As the gateway to the various renewable energy projects in the Eastern Cape and Northern Cape,

the Coega IDZ has opportunities for manufacturing, assembly and distribution of the on- and off-grid green energy components such as solar water heaters, wind rotor blades, wind towers and solar PV panels.

Potential Projects

- Alternative energy generation (bio-energy, solar, wind)
- Green energy components manufacturing (on- and off-grid), e.g. wind rotor blades, wind towers and solar PV panels and solar cells, solar batteries and chargers
- Solar water heaters
- Operations and maintenance services
- Transport logistics
- Centre of Excellence

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MANUFACTURING: DESIGNATION OF SECTORS AND PRODUCTS FOR LOCAL PRODUCTION IN THE PUBLIC SECTOR PROCUREMENT SYSTEM

DESCRIPTION

Public procurement is a strategic instrument widely deployed by developed and developing countries to enhance and smooth out certainty of demand over the years; promote competitive industrial capabilities with high employment and growth multipliers; diversify the economy towards more employment-intensive and value-adding activities and ensure value for money for the fiscus and society.

Public procurement is one of the key industrial levers in the IPAP. The revised Preferential Procurement Policy Framework Act (PPPFA), which came into effect on 7 December 2011, empowers the Minister of Trade and Industry to designate industries, sectors and sub-sectors for local procurement at specified levels of local content.

The designation policy instrument is one of a suite of policy levers designed to increase support for domestic manufacturing. Sectors already designated for local production with minimum local content thresholds are rail rolling stock, power pylons, bus bodies, canned/processed vegetables, certain pharmaceutical products, furniture and products, as well as the textile, clothing, leather and footwear sectors.

OPPORTUNITIES

the dti announced in February 2013 the further designation of valves, manual and pneumatic actuators, and electrical and telecommunication cables, as well as components of solar water heaters, for local production and content to part of the public-sector procurement system.


IMPSA

Industry/sector/sub-sector	Minimum threshold for local content
Description	
Buses (bus body)	80%
Textile, clothing, leather and footwear	100%
Power pylons	100%
Canned / processed vegetables	80%
Rolling stock	65%
(Oral solid dosage tender)	73%
Set-top boxes for TV digital migration	30%
Furniture • Office Furniture • School Furniture • Base and Mattress	 • 85% • 100% • 90%
Solar Water Heater components	70%
Power and telecom cables	90%
Valves, Manual and Pneumatic Actuators	30-100%

Other sectors are at the research stage for further designation. Sectors targeted for localisation and designation are aimed at leveraging public expenditure for industrial development.

Designation is used in instances where Government has carried out an in-depth analysis of the sector and there is local production capacity and public procurement opportunities.

There is a technical specification and guidelines on the measurement and verification of local content (SATS 1286: 2011). (See www.thedti.gov.za/industrial_development/ip.jsp)

For each designated sector and/or product, there is an Instruction Note circulated by the National Treasury. The Instruction Notes indicate the minimum threshold for designated sector/product and they regulate the environment within which government departments and public entities may procure designated products. The instruction notes will have minimum local content thresholds (see: www.treasury.gov.za/divisions/sf/sc/PracticeNotes/default.aspx)

CONDITIONS TO BE NEGOTIATED WITH INDUSTRY

- Preferred bidders such as OEMs should give medium to long-term contracts to the local suppliers;
- Local industry must commit to make the necessary investments towards modern manufacturing techniques and industry upgrading;
- Local industry should commit to (in the first phase) job retention and creation of new job opportunities;
- OEM should commit to skills and technology transfer to the local manufacturers;
- Industry should be price competitive; and
- Industry should commit and gear itself towards being internationally competitive.

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DUBE TRADEPORT

DESCRIPTION

Dube TradePort is the only facility in Africa that brings together an international airport, cargo terminal, warehousing, offices, retail sector, hotels and an agricultural area. Located 30km north of Durban, Dube TradePort is positioned between the two biggest sea ports in Southern Africa and linked to the rest of Africa by road and rail.

A responsible master developer, Dube TradePort Corporation, is committed to meeting regulatory environmental obligations and greening all aspects of Dube TradePort. It includes the widespread use of solar panels and harvesting of rainwater from existing and future buildings, as well as a major rehabilitation project that will see 600ha of land restored to its natural pristine status within a three-year period. This endeavour alone exceeds South Africa's national target of rehabilitating 500ha over five years. Dube TradePort's philosophy of sustainable planning provides an attractive proposition for private sector investment in the development of Africa's first purpose-built aerotropolis.

OPPORTUNITIES

Dube Trade Port is a passenger and airfreight hub and offers the following development zones:

King Shaka International Airport – One of the world's few Greenfield airports, it currently has the capacity to handle 7,5 million passengers per annum (and 45 million passengers by the last phase of the development). It has the longest sea-level runway (3,7km) in the country, capable of accommodating the latest, new-generation wide-bodied aircraft.

Dube Cargo Terminal is the most secure state-of-the-art cargo terminal in Africa and Part 108 accredited. State-of-the-art ramp-handling equipment ensures faster turnaround times for freighter aircraft. The terminal has the capacity to handle 100 000 tons per annum, with the ability to expand to two million tons by 2060. Included within the 15 800m² Cargo Terminal is the most advanced refrigerated perishable handling facility in South Africa, which ensures cold chain integrity. This facility has the capacity to handle 30 000 tons per annum.

Dube City is the first purpose-planned aviation-related city in Africa. Currently in its first phase of development, Dube City comprises a 12ha site that will increase to 24ha when completed. Dube TradePort's own headquarters, 29° south, are situated at the heart of Dube City and incorporate office, hospitality, entertainment and retail experiences. They set the standard for a minimum four-star green rating by the Green Building Council. Land use has been planned to include a mix of hotel, conference, entertainment, retail and knowledge-intensive companies and company head offices, together with fully reticulated fibre-optic cabling to deliver unparalleled voice and data connectivity. The city is supported by more than 107 000m² of parking.

TradeZone is a state-of-the-art industrial sector, adjacent to the Cargo Terminal, which houses freight-forwarding and air-cargo-related businesses. It is the first trade zone in the world where freight forwarders and shippers are located within a single facility with direct airside access. This 26ha, specialist freight-orientated precinct offers premium airside real estate, giving manufacturers, assemblers, warehouse users and distributors of air-related cargo a distinct competitive advantage by significantly reducing transit time, goods handling and potential stock losses. The TradeZone consists of 45 stands ranging between 4 250 and 8 000 square metres. Stands may be consolidated, where deemed appropriate. All are level and fully serviced, with developers needing only to connect to infrastructure such as water, electricity and storm water drainage.

AgriZone – A 20ha development with 16ha of greenhouses for flower and vegetable production, a tissue culture lab, nursery and research centre. It is an IT integrated high-tech agricultural cluster that hosts the largest climate-controlled growing area on the continent. Sixteen hectares of climate-controlled glass-covered growing facilities produce vegetables and flowers for the local and export markets. The quality of produce is consistently superior and ensures continuity of supply, with high yields all year round. The pack houses provide facilities to pre-cool, wash, grade, sort and pack fresh produce ahead of distribution. Ranging in size from 1 500m² to 2 000m², they also include short-term transit cold storage amenities.

A state-of-the-art tissue culture facility is also available to develop new plant breeds, ensuring constant innovation of plant stock. The AgriZone is the most technologically advanced future farming platform in

Africa and ensures the freshest possible produce after harvesting.

Dube iConnect provides state-of-the-art telecommunications, IT and value-added services to the community of users in and around Dube TradePort, ensuring fast global connections 24/7. It is committed to achieving the highest standards of quality, performance, security and support.

It offers the most advanced metro Ethernet network in the country. As a fully licensed ICASA service provider, the precinct supports direct connection to high-speed international gateways through commercial partnerships with Tier 1 service providers. Tier 3 data centres utilising the latest generation of virtualisation technologies provide high-availability business continuity services, structured to significantly offset capex and opex costs.

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EAST LONDON INDUSTRIAL DEVELOPMENT ZONE

DESCRIPTION

Innovation, efficiency, growth and sustainability are behind the existence of the East London Industrial Development Zone (ELIDZ). Established in 2003 as part of the South African Government's initiative to improve industrial competitiveness and economic growth in the country, the ELIDZ has become a prime industrial park renowned for its customised solutions for various industries, including automotive, agro-processing and aquaculture. The ELIDZ offers growth-oriented companies a specialised manufacturing platform, innovative industrial and business solutions, and access to new markets and strategic industry networks.

The IDZ programme was initiated by the Department of Trade and Industry (**the dti**) to develop South Africa's export capability and global competitiveness. An IDZ is defined as "a purpose-built industrial estate linked to an international port or airport that encourages investment in export-oriented manufacturing industries". Each IDZ is uniquely positioned to take advantage of the location's transport, infrastructure capabilities and natural resources while offering access to strategic markets.

The ELIDZ is located in Buffalo City, the municipal area that incorporates Bhisho, the province's capital, and King William's Town. It is the first of four IDZs in South Africa to be operational and is an ideal choice for the location of exported manufacturing and processing, providing investors with connections to major markets both locally and across the globe.

INVESTMENT OPPORTUNITIES

a. AGRO-PROCESSING

The Eastern Cape is South Africa's main livestock province and provides 30% of the country's wool, 80% of its mohair and 20% of milk production. The province has the only significant allocation of land suitable for plantations still available in South Africa, approximately 120 000ha. Sawmill activities account for 23% of South Africa's forestry and logging production. The extensive billion-rand investment by the Steinhoff furniture group in the Eastern Cape

timber industry is further proof of the opportunities available within this sector.

The area lends itself to excellent results with multispan greenhouse production and is a leader in hydroponic tomato production. South Africa has an extensive natural endowment and offers tremendous opportunities to process natural plants for cosmoceutical, neutraceutical, phytopharmaceutical and essential oil purposes.

Opportunities

- Dairy production
- Red pepper
- Wheat
- Beef
- Chicory
- Essential oils

Features

- Close proximity to extensive forestry activities
- Close proximity to mohair-producing areas
- Abundant availability of raw material supplies
- A strategic Government-supported timber project

b. AQUACULTURE

South African aquaculture production is still relatively low, estimated at 4 804 tons in 2011, with a market value of R600 million and approximately 2 000 direct (on farm) jobs. This can be increased to 90 000 tons, with a market value of R 2.4 billion and the potential of 44 000 direct (on farm) jobs over a 10 to 15-year period.

The ELIDZ is best-suited to developing a marine aquaculture cluster. It has two established fin fish (kob) farms with more than three years of research and experience in the farming of fin fish. The ELIDZ has access to seawater of a good standard and dedicated abstraction infrastructure for the delivery of seawater to potential land-based mariculture farms and hatcheries as well as effluent-handling facilities. It is also one of the most valuable sites for the establishment of grow-out facilities as temperate to sub-tropical waters lend themselves to good growth rates for marine fin fish. The ELIDZ is in close proximity to Rhodes University, a world-class best-practice research facility.

Opportunities

- The establishment of marine fin and shell fish hatcheries, nurseries and grow-out facilities, particularly for species endemic in South Africa
- The establishment of a research facility for the development and propagation of new species; sea-based aquaculture; biofuels from the by-products of the recirculatory marine fin fish-farming processes and the development of alternative supplies of fishmeal for marine fin fish.
- The establishment of an internationally accredited processing facility for fish and fish products; the manufacturing of fish feed; oxygen generation; aquaculture business incubation and aquatic animal health diagnostic facilities.

c. ICT AND ELECTRONICS

The ICT sector is fast becoming an important contributor to South Africa's gross domestic product (GDP); making it one of the country's future economic growth drivers. The South African Government has identified the ICT sector as being of strategic importance to the future growth and prosperity of the country's economy.

The ELIDZ is well-positioned to attract investors looking to set up world-class ICT and electronics facilities in South Africa.

Locating your ICT investment in our world-class industrial park will give you access to:

- World-class purpose-built infrastructure facilities;
- Services from a state-of-the-art ICT node room;
- Expertise and knowledge from industry role players in East London; and
- The planned Science and Technology Park, which will give ICT investors the ultimate competitive edge.

Opportunities

- Automotive electronics: Manufacture of electronic systems and control modules, navigation systems, instruments
- Consumer electronics: TV, radio and communications assembly in IDZs for export

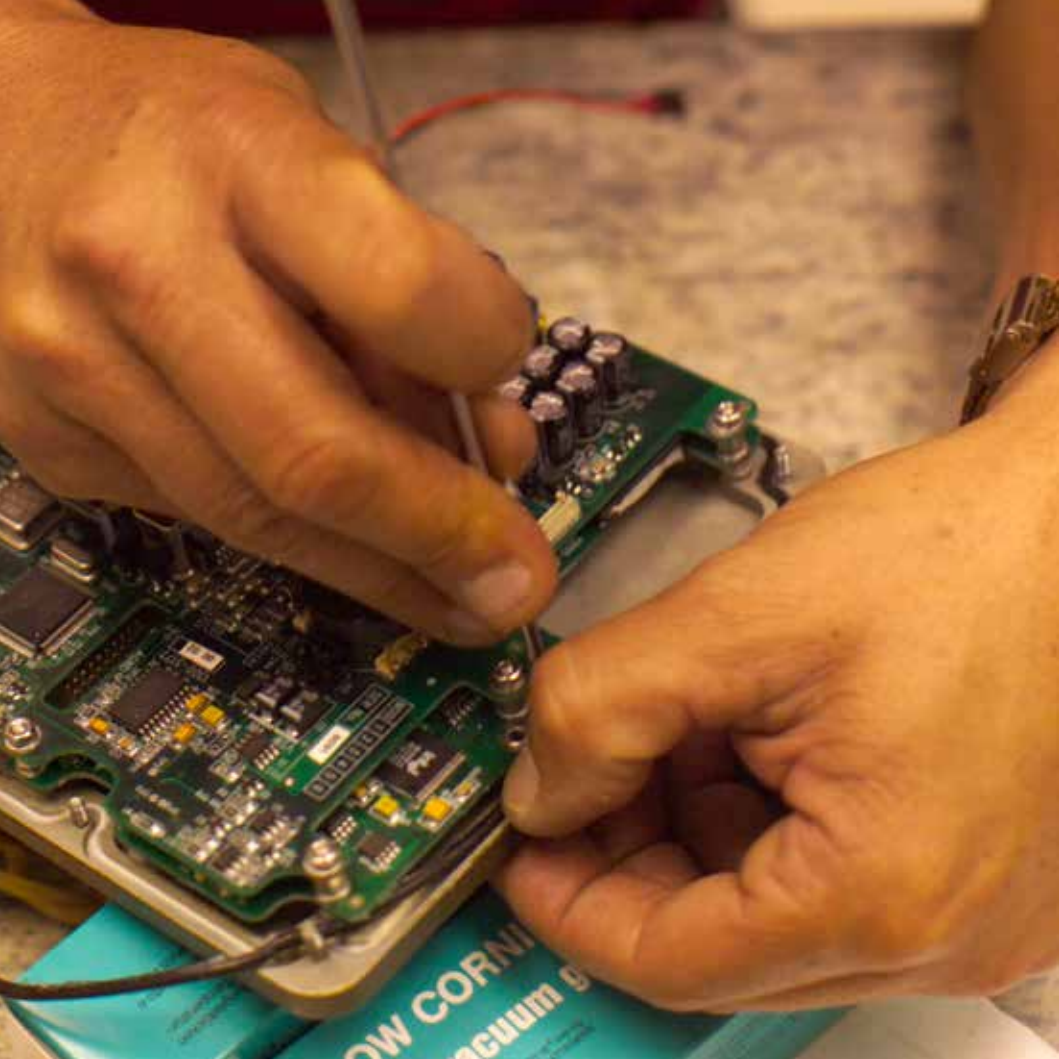
- IT hardware: CD, cellphone manufacture
- Machine tools
- Technology incubator: Support for IT and internet entrepreneurs through a technology park, supported by a university ICT faculty
- Telecommunications: Business process outsourcing (BPO)
- IT professional services (including custom software application development and maintenance)
- Computer software (packaged software products – cross-industry and vertical-market applications)
- Voice-over IP (VoIP)
- Wireless software (financial transactions over cellphones)
- Motor relays and pre-payment metering (develop expertise due to problems with payment of electricity and water bills)
- Electrical machinery (electronic equipment and appliances, electric transformers, electric hair-care devices, portable electric lamps, electric hairdryers)
- Electric coffee and tea makers, electric toasters

d. RENEWABLE ENERGY

Large tracts of available land for the generation of renewable energy, competitive feed-in tariffs, abundant natural resource availability and suitable raw material supply for manufacturing make the Eastern Cape a strategic location for renewable energy industries. The ELIDZ's advanced research on the sector and successful projects already implemented in the zone makes for a strategic location from both a feedstock and equipment production point of view, as well as for the production and transfer of renewable energy.

Custom-made renewable energy industry solutions include:

- Serviced land for the provision of world-class purpose-built infrastructure for use by renewable energy component manufacturers;
- Development of relevant renewable-energy skills to support all industry in the ELIDZ;
- Shared services to exploit economies of scale for cost-reduction for renewable companies;



- Streamlined access to Government incentives; and
- A centre for renewable energy that will fast-track the development of skills needed for the industry.

e. PHARMACEUTICALS

Domestic production meets about 55% of pharmaceutical demand. South Africa is an attractive export base into the less politically stable Southern African nations, particularly with the new Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-Operation Scheme (PIC/S) membership boosting GMP standards.

The Eastern Cape pharmaceuticals industry is small but strong, with a core of internationally respected names, including Johnson & Johnson, Aspen Pharmacare, Bodene, CliniSut and Condomi. Aspen Pharmacare has its manufacturing base in the province and has become the largest South African producer of generic drugs. The manufacture of generic drugs will continue to grow worldwide as patents expire and demand increases in South Africa and other developing countries.

Opportunities in this sector in the zone include:

- Establishment of an Active Pharmaceutical Ingredient (API) facility
- Chemical production for the public health sector and exports
- Various processing industries based on extraction/utilisation of aloe plant and other indigenous plants readily available in the Eastern Cape
- Establishment of new facilities for new product development

f. GENERAL MANUFACTURING

The ELIDZ's location in the Eastern Cape, the automotive hub of South Africa, allows for the design of world-class solutions for investors in the General Manufacturing sector.

General Manufacturing makes up a significant portion of the provincial economy and is primarily driven by the needs of the automotive

sector, which is the biggest manufacturing sector in the Eastern Cape.

The state-of-the-art industrial park is the best location for investors looking to tap into the rich opportunities in this sector because it will provide access to the following:

- World-class custom-built infrastructure facilities
- Shared logistics
- Waste management
- World-class security
- A robust research and development programme via the planned Science and Technology Park

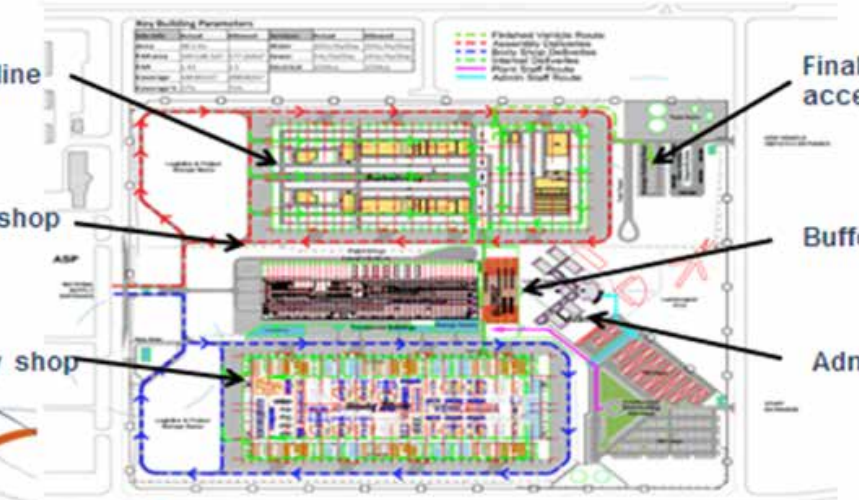
g. MULTI-MODEL ORIGINAL EQUIPMENT MANUFACTURER (OEM)

The primary objective of the Multi-Model OEM is to attract multiple automotive OEMs to assemble, through a world-class dedicated assembler, for the local and export market. The strategic intent is to leverage existing import volumes to assembly of such to create local jobs, increase and deepen component suppliers as well as increase utilisation of local inputs, increase specific skills and increase export to offset current negative trade balance on automotives.

The Multi-Model OEM in the ELIDZ will comprise an efficient, flexible vehicle assembly plant using world-class technology that will be operated by a world-renowned Contract Assembler. The plant will have the capacity to assemble about 65 000 vehicles per annum and will encompass a variety of low volume and/or niche Passenger and Light Commercial Vehicles assembled to world-class standards on a mutually cost-effective basis.

The Multi-Model OEM plant will cater for the needs of up to five models from various OEMs for the local and export market. This will take place through the co-utilisation of infrastructure consisting of a state-of-the-art paint shop, assembly lines, pre-assembly space, common supply chains and distribution as well as increased local content.

Multi Model OEM facility
Plant Lay-out and Flow



east london idz

BENEFITS TO COMPONENT MANUFACTURERS

- Dedicated utilities and other services designed to assist and stimulate the auto sector's industrial productivity, expansion and export competitiveness.
- Time and cost savings arising from shared logistical and supply chain arrangements.
- A comprehensive package of industry support assistance, including substantial national trade and export promotion incentives, including favourable import tariffs due to trade agreements as well as preferential procurement designation of passenger and light commercial vehicles.
- Close proximity to local OEMs with easy access to road, rail and air transport; assembly is done closer to markets: South Africa, SADC and Sub-Saharan Africa.
- An established base of automotive skills in the Eastern Cape.

OPPORTUNITIES FOR AN OEM

The ELIDZ has set aside prime industrial land within the zone in close proximity to the ASP to accommodate the Multi-Model OEM so that leaner operations, greater efficiencies and cost savings can be realised. This will result in the following benefits:

- Multi-brand production with shared services, thereby reducing costs;
- Access to Government's APDP incentives through the shared achievement of 50 000 units per annum via the contract assembler;
- A focus on niche products with low volumes, where applicable;
- The lowering of infrastructure investment and increased flexibility;
- An improved and stable supply chain process; and
- Decreasing inventory and holding costs.

The target market is ca 160 000 imported, fully built passenger and light commercial vehicles. Technology is available to meet multi-platform assembly requirements. The plant is designed for an annual production capacity of 65 000 vehicles on five different platforms, from small passenger vehicles to pick-ups and minibuses. The MMOEM will be operated by a world-renowned contract assembler.

INVESTMENT REQUIRED

The total projected investment is R7.0 billion over three years.

Plant and Equipment = R3.3 billion

Working Capital = R0.6 billion

Building and Infrastructure = R3.1 billion

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GREEN ECONOMY INDUSTRIES

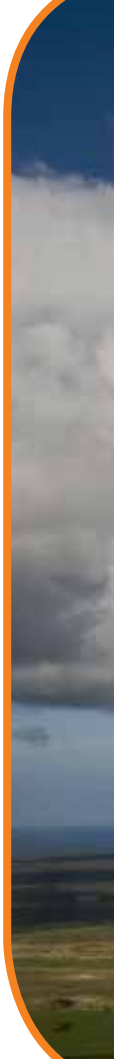
a. SOUTH AFRICAN RENEWABLE ENERGY INDEPENDENT POWER PRODUCER PROGRAMME

DESCRIPTION

To address South Africa's increasing energy needs, the Government has developed an IRP 2010-2030, which is a co-ordinated schedule for generation expansion and demand-side intervention programmes, taking into consideration multiple criteria to meet the country's electricity demand. In addition to all existing power plants (including 10GW committed to coal), the IRP provides for 9,6GW of nuclear, 6,3GW of coal, 17,8GW of renewable energy and 8,9 dedicated to other generation sources – this means that approximately 42% of the electricity generated in the country should come from renewable sources. The IRP will be revised once every two years to allow for changing circumstances.

Large parts of South Africa's western and southern coasts and inland areas have economically viable wind energy prospects. The scale and maturity of the global wind industry have made this a cost-competitive energy option compared not only to other renewable technologies, but also to many fuel-based technologies. While unpredictable, wind does not use water and can be installed relatively quickly. Like solar photovoltaic (PV) it is complemented by electric energy storage. Solar power is particularly attractive for South Africa, given the country's high solar resource. Concentrated Solar Thermal (CST) power is a promising renewable energy generation option in South Africa, but is relatively small on a global scale.

To meet the commitments of the IRP, the Renewable Energy Independent Power Producer Programme (REIPPP) to procure 17,8GW of renewable generation capacity by 2030 was launched by the DoE in August 2011.



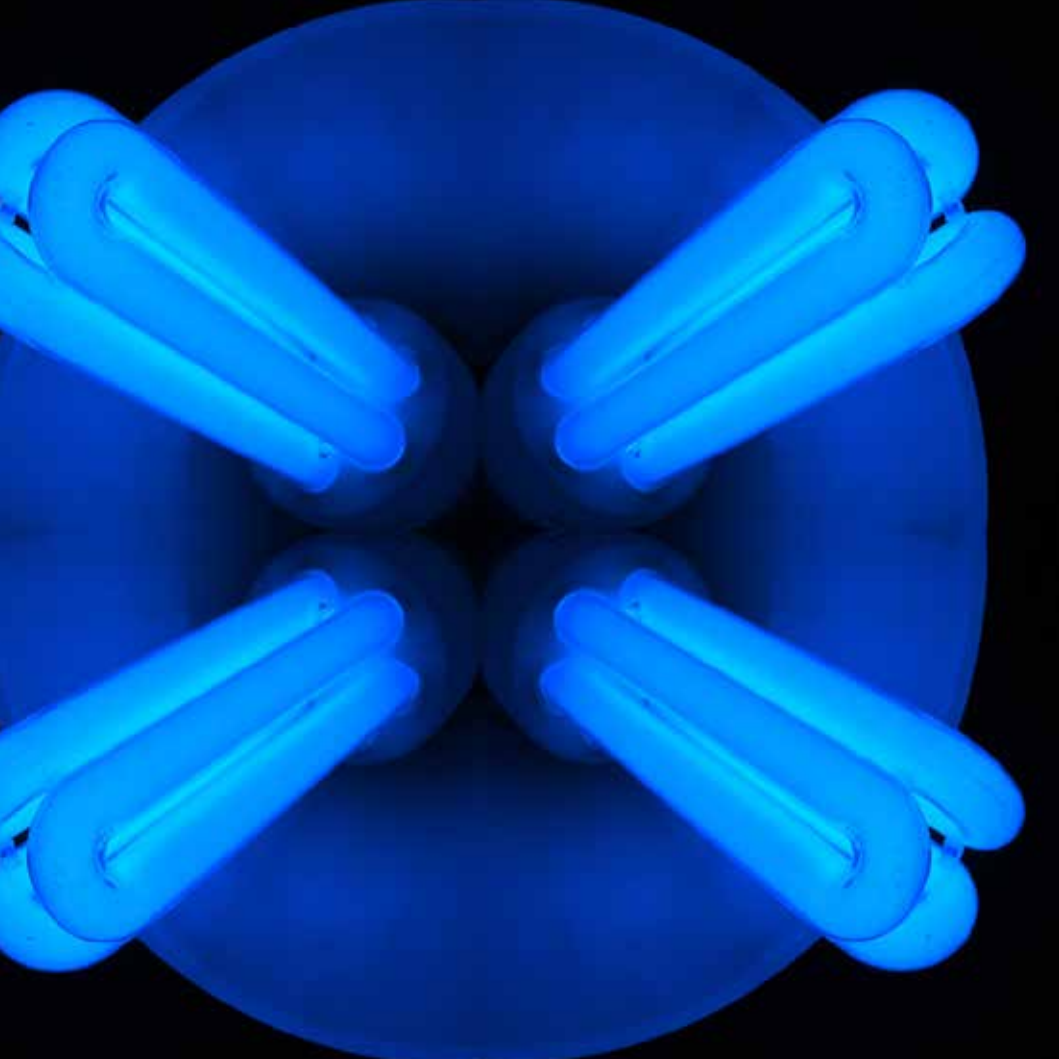
The REIPPP, combined with the completion of the technical work for solar and wind energy manufacturing strategies, provides a significant opportunity for South Africa to become a major manufacturer of componentry of renewable energy projects which will not only put electricity on the grid, but will also support industrialisation and job creation. It will also contribute to meeting South Africa's greenhouse gas emission reduction commitments.

The following technologies are considered as qualifying technologies for selection under the IPP Procurement Programme:

- Onshore wind
- Concentrated solar thermal
- Solar photovoltaic
- Biomass solid
- Biogas
- Landfill gas
- Small hydro

Projects under Window 1 of the IPPP resulted in investment in power generation of R47 billion. The total value of the South African Renewable Energy sector is valued at approximately R80 billion. Independent economic and sector research organisations, such as Business Monitor International, forecast the growth in South Africa's non-hydro renewables industry at 29% for capacity and 89,5% for generation for the period 2012-2021. This will be driven mainly by the wind and solar sectors.

The Government has embarked on a programme of upgrading the technical and physical infrastructure to create an enabling environment for the development of the renewable energy sector. Standards for wind turbines are being developed, facilities' testing is under way and standards for solar power are also being developed. To contribute to job creation and local economic development, the REIPPP stipulates requirements for a certain percentage of local content in each of the bidding rounds. These local content requirements are determined according to the South African Bureau of Standards (SABS) technical specifications and are calculated according to the value that is added locally.



Eskom facilitates connections to their grid for both renewable energy and co-generation projects. By August 2011, Eskom had accepted 321 connection applications for renewable energy projects, representing more than 27,000MW. More than 75% of this capacity is from wind applications. Applications to access the Eskom grid are handled in three stages:

- Applicants contact Eskom and apply for access;
- Eskom issues a Cost Estimate letter in response to the application – this is followed by the generator Budget Quotation and eventually the connection agreement (this will either be for distribution or transmission); and
- Operation of the generation plants commences.

INVESTMENT REQUIRMENTS

Due to South Africa's legislative environment, the renewable energy procurement programme is run as a competitive bidding process instead of offering a feed-in tariff (FIT). Interested companies, therefore, have to submit their bids through the REIPPP, which has been divided into a series of rounds. It is expected that there will be five rounds in total, although this will depend on the availability of generating capacity after the conclusion of the third round.

Submission for Round 3 of the REIPPP will close on 19 August 2013 – this has already been postponed twice due to constraints from both the industry and the Government's side. It is envisaged that from 2013, there will be one bidding window per financial year (running from April until March).

THE BIDDING LANDSCAPE

Due to the nature of the bidding process, the first two rounds have been very competitive with prices for wind and solar energy generation showing significant reductions.

Under the REIPPP the total allocation for onshore wind power was 1 850MW. After 633,99MW was awarded in Window 1 and a further 562,60MW in Window 2, the total remaining allocation is 653,41 for subsequent windows. The average price was 114c/KWh in Window 1 and 89c/KWh in Window 2.

The total allocation for solar photovoltaics (PV) is 1450 MW. Of this, 631,53MW were awarded in Window 1. The second window awarded 417,10MW and the remaining allocation is 401,37MW for subsequent windows. The average price in Window 2 was 165c/KWh compared to 275c/KWh in Window 1.

the dti is in regular contact with various local and international players in this industry. Many foreign companies, from developers and operators to EPC contractors and manufacturers have established a presence in South Africa. Most of these companies have formed partnerships with local companies to strengthen their local content requirements in the bidding process. **the dti** can help introduce prospective investors to potential local partners.

Prior to assessing the RFP, each prospective bidder will have to pay a non-refundable fee of R15,000 and have to submit a registration form. All relevant bidding documents and briefing documents can be downloaded from the dedicated website: www.ipprenewables.co.za .

LOCAL CONTENT REQUIREMENTS

The table below sets out the overall content requirements for each of the technologies and bidding rounds.

Technology	First Bid		Second Bid		Third Bid	
	Current threshold	Current target	Threshold	Target	Threshold	Target
Onshore wind	25%	45%	25%	60%	40%	65%
Solar Photovoltaic	35%	50%	35%	60%	45%	65%
Solar CSP without storage	35%	50%	35%	60%	45%	65%
CSP with storage	25%	45%	25%	60%	40%	65%
Biomass	25%	45%	25%	60%	40%	65%
Biogas	25%	45%	25%	60%	40%	65%
Landfill gas	25%	45%	25%	60%	40%	65%
Smalll scale hydro	25%	45%	25%	60%	40%	65%

In Round 3 of the bidding process, the local content requirements will be split further in terms of key equipment and balance of the plant. For wind, the split is 13% threshold and a target of 50% for key components and a threshold of 80% and target of 90% for balance of plant.

For solar, the threshold for key components is 17% and the target 50% and for balance of plant it is the same 80-90 split as for wind.

In Round 2 an amount of R11,8 billion out of a total amount of R28,1 billion has been committed in terms of local content – this was for the 19 approved projects with an allocation of 1,044 Mw.

The table below illustrates the remaining allocations for each of the renewable energy sources:

Technology	MW allocation in accordance with the Determination	MW capacity allocated in the First Bid Submission Phase	MW capacity allocated in the Second Bid Submission Phase	MW capacity for allocation in future Bid Submission Phases
Onshore wind	1 850.0 MW	634.0 MW	562.5 MW	653.5 MW
Solar photovoltaic	1 450.0 MW	631.5 MW	417.1 MW	401.1 MW
Concentrated solar power	200.0 MW	150.0 MW	50.0 MW	0.0 MW
Small hydro (≤ 10MW)	75.0 MW	0.0 MW	14.3 MW	60.7 MW
Landfill gas	25.0 MW	0.0 MW	0.0 MW	25.0 MW
Biomass	12.5 MW	0.0 MW	0.0 MW	12.5 MW
Biogas	12.5 MW	0.0 MW	0.0 MW	12.5 MW
Total	**3 625.0 MW**	**1 415.5 MW**	**1 043.9 MW**	**1 165.6 MW**

MANUFACTURING OPPORTUNITIES

Technology Key Components/Equipment

Onshore wind

- Meteorological mast
- Turbine tower
- Turbine nacelle (including interior fittings, exterior fittings and drive train)
- Blade

PV

- Solar modules
- Mounting frames
- Inverters
- Transformers
- Control and Tracking control for tracker frames

CSP

- Solar concentrators and mounting
- Heat receiver
- Heat transfer fluid and handling system
- Electrical generation system (including generator, steam turbine and ancillary equipment) Condenser and cooling system
- Thermal storage system
- Distributed Control System Pumps,
- Motors and auxiliary steam cycle equipment
- Water treatment plant

Biomass

- Boilers Fuel storage and handling system (including conveyors)
- Electrical generation system (including generator, steam turbine and ancillary equipment)
- Water treatment plant

Biogas

- Gas Engine/turbine and generator
- Digester tanks
- Flare

Landfill Gas

- Gas Engine and generator
- Gas wells and piping
- Flare

Small Hydro

- Turbines
- Generators
- Hydro-mechanical plant (penstock and steel gates)

SMALL PROJECTS INDEPENDENT POWER PROCUREMENT

In the Determination for the Renewable Energy Procurement Programme, the Minister allocated 100MW of the 3725MW to the procurement of small projects, which individually have a maximum contracted capacity of 5MW. The projects with a generation capacity of not less than 1MW and not more than 5MW utilising the following technologies shall be considered as qualifying technologies for selection under this Small Projects IPP Procurement Programme:

- onshore wind
- solar photovoltaic
- biomass
- biogas
- landfill gas

b. SOLAR WATER HEATER PROJECT

The Government's solar water heating (SWH) programme currently under way is managed by Eskom – the "SWH Rebate Programme". Further, a fiscus funded SWH programme through a Division of Revenue Act (DoRA) allocation is currently rolled out in various municipalities (City of Tshwane, Sol Plaatje and Naledi). The private sector is also contributing to the Government's SWH programme and certain commercial banks, insurance companies and benevolent donors are driving various SWH initiatives in different parts of the country. The key immediate barrier to increased uptake is high upfront-capital cost of systems coupled with limited funding available.

In response to this hindrance, the South African Minister of Energy, during her 2012 budget vote speech, pronounced a Standard Offer incentive scheme that will fund all Energy Efficiency and Demand Side Management (EEDSM) interventions. This scheme is aimed at creating an expanded opportunity for attracting the much-needed sustainable financial stimulus into the programme. SWH is among the allowable technologies.

Through engagements with Eskom, Nersa, and DoE is fine-tuning a funding model to ensure that this tariff funded scheme is implemented. This will enable leveraging other funding sources from local and international financiers. To ensure a smooth transition into the new incentive scheme, a phase-in approach for the integration of the standard offer and rebate programmes will be adopted. This approach as well as timelines for its implementation is being worked on by Eskom, DoE & Nersa.

The mass rollout of SWHs is slow but gaining momentum compared to the commencement of the programme. From April to 31 December 2010, 26,768 rebate-funded SWHs have been installed while about 30 974 systems have been installed since the advent of the programme in November 2008. These figures are spread across the country.

THE REBATE MECHANISM

The system's Q-factor (capability to replace electricity) is considered when calculating the rebate. Rebates will be provided as long as funds are available. Discounts vary according to the size of the system installed and its associated

electricity saving potential or capability to replace electricity. Rebates currently range from R3,280 up to R8,964 depending on the system purchased. The rebate is calculated based on these test results – but it also takes into account the affordability of systems and attempts to provide consumers with a five-year payback period.

The (rebate formula) calculation factors in the prime interest rate and projected electricity tariff increases. This formula allows one to compare same-sized systems to each other – based on consumption assumptions. Please note that the rebate value will be reduced at the start of each new year, based on market influences.

c. ENERGY EFFICIENCY AND INTEGRATED DEMAND MANAGEMENT PROJECTS

In light of the energy-constrained future facing South Africa, Eskom's Integrated Demand Management (IDM) business unit established its Standard Offer Programme as a key initiative in support of improved energy efficiency.

The Standard Offer is a mechanism used by Eskom for acquiring demand-side savings under which Eskom shall pay for verified energy savings using a pre-determined and pre-published rate in c/kWh for the implementation of an approved technology.

The Standard Offer will:

- Pay for energy savings at a published rate
- Focus on the 16 daytime hours between 6am and 10pm, weekdays only
- Have contract duration of three years

Any energy user (customer), Project Developer or Energy Service Company (ESCo) that can deliver verifiable energy savings, from 50kW to 5MW, can propose projects and, if successful, shall be paid the fixed amount per kWh over a period of three years. Achieved savings will be verified by an authorised, independent measurement and verification (M&V) organisation.

It should be noted that the Standard Offer does not replace the existing Eskom IDM application process. An ESCo may elect to propose a project either through the existing IDM process or the Standard Offer process. The rate/kWh for energy savings will be fixed per technology group as per Nersa requirement.

Following on from the success of the Pilot Programme, which was Phase 1 and focused specifically on energy savings created through lighting initiatives, Eskom has now expanded the programme into Phase 2. It will now encompass a number of other technologies where additional savings can conceivably be achieved.

Initially, the Standard Offer pilot programme only allowed for energy-efficient lighting systems as part of the offer. Approval has now been obtained to add the following technologies to the offer in Phase 2: building management systems; hot water systems; industrial and commercial Solar Water Heating (SWH) systems; and process optimisation.

The total approval amounts to R250 million, with each technology class being limited by the approved Nersa R/MW benchmark of R5.25m/W. The Rm8.74 that was allowed for industrial and commercial hot water systems are based on a derivative of the current SWH rebate system.

ENERGY-EFFICIENT LIGHTING SYSTEMS

IDM will continue with its energy efficient lighting programme in Phase 2. The drive towards such systems can be as simple as the replacement of incandescent light bulbs with compact fluorescent lamps (CFLs); and old tubes (T12) with T8 and T5 fluorescent tubes can have a major impact on efficiency. Other options include making use of low wattage down lighters, installing daylight sensors for external and high mast lights and the installation of light sensitive passive infrared sensors and dimmers, where appropriate.

BUILDING MANAGEMENT SYSTEMS

Building management systems that are able to control ventilation and lighting also have a role

to play. By focusing specifically on buildings and implementing greener technologies where available, needless electricity consumption can be reduced. The key area for such systems is in the control of heating, ventilation and air-conditioning (HVAC) systems. Improvements can be made on these systems by optimising chillers to increase their coefficient of performance (COP), utilising heat pumps for water heating and installing variable speed drives to control the HVAC units.

Copper pipes can substitute for aluminium and steel ones and heat pumps can also be used for space heating, instead of the more traditional resistance heaters. The focus here should be on the provisioning of sensors to monitor the temperature, as well as thermostats to switch systems on only when they are required. This means that the optimum use of energy can be achieved.

ELECTRICAL HOT-WATER SYSTEMS

Industrial heat pumps offer enormous potential for energy reduction. Typically, heat pumps absorb heat from the air outside and transfer it to a heat exchanger that warms water inside the building. Heat pumps use relatively small amounts of energy compared to the amount of heating they provide, because they do not make heat; they just move it from one place to another. This means that the only energy they use is the electricity to drive the compressor/pump that circulates and compresses the refrigerant fluid, as well as the fans that circulate the outside air. Heat pumps can save up to 67% of the electricity used by a normal geyser to heat water. Shower heads, control systems and insulation, also forms part of this category.

PROCESS OPTIMISATION

Industrial process optimisation involves the fine tuning of the manufacturing process in line with world-class benchmarks. The aim is to achieve a greater efficiency per product unit produced. Specific technologies can be employed to further optimise and increase the efficiency of the manufacturing process. The first of these is more efficient motors.

In addition, variable frequency drives (VFDs) are solutions for controlling the rotational speed of alternating current (AC) electric motor fans that are primarily used for ventilation. Non-efficient fans can be replaced by more efficient ones, with vanes and pitch controls that are designed in a more aerodynamically efficient manner. Another area where processes need optimising is in the use of compressed air in the mining and manufacturing fields. An energy-efficient compressed air system is obtained by evaluating system requirements, matching the supply to the requirements, reconfiguring inefficient uses and practices (such as throttling and open blowing) and replacing or supplementing existing equipment. Electric motors of less than 22kW, used on pumps, ventilation fans and hydraulics can also be replaced with energy-efficient ones.

LED DOWNLIGHTERS

A focus on LED downlighters forms an important part of the IDM programmes. LEDs (Light Emitting Diodes) provide a highly efficient solution in terms of the amount of light it produces compared to the energy it requires (lumens versus watt). The Standard Offer mechanism will be used to contract for the mass replacement and sustainability of pre-approved LED downlighter technologies in the commercial and industrial sectors.

Eskom pays for savings obtained through the implementation of LED downlighters at a rate of 55c/kWh for savings achieved between 06h00 and 22h00 weekdays, over a period of three years.

Still fairly new and unproven despite its advantages and promising opportunities for energy efficiency, the quality, performance, reliability and sustainability of LED products are important considerations for Eskom when supporting this technology through its various IDM programmes. For a product to be considered part of the Standard Offer Programme, compliance with Eskom's minimum technical specification (240-41679717: Downlighter Lamp Technical Specification for General Lighting Services) is required. In addition, the following is required as basis of the technical evaluation of proposed products:

- Technical data specification sheet;
- Letter of Authority (LOA), where applicable; and
- Valid test reports by an independently

recognised test laboratory based on SANS/IEC testing standards, performance standards and safety standards.

Main performance parameters to be included in the test report are light output (lumens), power input (W), power factor, voltage, harmonic distortion, colour rendering index, lumens maintenance and rated life.

It is required that product samples be submitted together with the technical information specified above; if deemed necessary, the samples will be evaluated to measure the parameters as stated in the minimum specification document.

The National Cleaner Production Centre-SA promotes the implementation of **resource efficiency and cleaner production (RECP)** methodologies. In this programme, companies are assisted to identify opportunities to lower production costs by means of reduced energy, water and materials usage, and more efficient waste management.

The Centre was **the dti**'s first key industrial sustainability programme. Since its inception, it has been responsible for introducing

RECP and related activities in industry sectors aligned with Government's IPAP. Its approach also contributes to the objectives of **the dti**'s National Industrial Policy Framework (NIPF) and the Customised Sector Plans (CSP).

d. WASTE MANAGEMENT AND WASTE TO ENERGY

The waste management industry is one of the main contributors to the 'green economy'. The industry comprises industrial waste management and recycling. A South African industrial recycling strategy aims to explore and enable industrial development opportunities in the recycling sector, which involves the collection and processing of used waste materials into new or secondary products and/or the recovery of energy with the aim of preventing wastage of potentially useful materials; and reducing the consumption of fresh raw materials, energy usage, air pollution (from incineration) and

water pollution (from land filling) by minimising the need for 'conventional' waste disposal and lowering greenhouse gas emissions from landfill sites.

In November 2011, the South African Cabinet approved the Department of Environmental Affairs' National Waste Management Strategy (NWMS). The strategy is one of the implementation mechanisms for the National Environmental Management Waste Act (59 of 2008). The NWMS is structured against a framework of eight goals. An action plan that sets out how the goals and targets will be met forms part of the strategy, and the actions include roles and responsibilities for different spheres of Government, industry and the civil society.

The eight goals are:

- Promote waste minimisation, re-use, recycling and recovery of waste;
- Ensure effective and efficient delivery of waste services;
- Grow the contribution of the waste sector to the green economy;
- Ensure that people are aware of the impact of waste on their health, well-being and the environment;
- Achieve integrated waste management planning;
- Ensure sound budgeting and financial management for waste services;
- Provide measures to remediate contaminated land; and
- Establish effective compliance with and enforcement of the Waste Act.

For each goal a target for 2016 has been stipulated. This includes a target of reducing waste to landfills by 15% by 2016.

The goal to grow the contribution of the waste sector to the green economy intends to stimulate job creation and broaden participation by SMEs as well as marginalised communities in the waste sector. In line with the Green Economy Plan, measures will be implemented to strengthen and expand the waste economy so that it can generate and sustain jobs as well as formalise existing jobs in the waste economy. The targets for 2015 are to create 69 000 new jobs in the waste sector and ensure that 2600


Recycle

additional SMEs and co-operatives participate in waste service delivery.

Various municipalities around South Africa are starting to approach waste management in a more integrative and innovative way. Municipalities such as the City of Johannesburg have already implemented waste to energy projects. The City of Johannesburg has entered into a public private partnership for the construction and operation of a waste treatment facility and waste to energy project. The investment required for this project was between R2 billion and R10 billion and the PPP was therefore the best way to secure this funding.

It is expected that construction of the first treatment plant facility will begin in August 2013 and the facility is expected to be operational by 2015. A high-level site identification has been completed and three sites have been shortlisted, with a detailed assessment still to follow; for this reason the location of the sites cannot be revealed at present.

Benefits of the project will include: the reduction of waste going to landfill, with 500 000 tonnes projected to be diverted; renewable energy, with a potential of 60 to 75 megawatts being generated; revenue from sales of by-products such as bio-energy, heat and recyclables; the potential to earn carbon credits; job creation – 400 jobs are expected to be created in waste recovery and 80 on the technical side; strong localisation and skills transfer, private party expertise and capital of between R2 billion - and R10 billion raised.

The Western Cape government's Green Cape initiative is currently busy developing a toolkit to assist municipalities in the province with waste management projects and strategies.

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RICHARDS BAY INDUSTRIAL DEVELOPMENT ZONE

DESCRIPTION

The Richards Bay Industrial Development Zone (RBIDZ) is a purpose-built and secure industrial estate on the north-eastern coast of South Africa. The N2 business corridor links KwaZulu-Natal's two major ports, Durban and Richards Bay, and connects with Maputo in Mozambique and, ultimately, areas of East Africa. It links to the international sea port of Richards Bay, which is tailored for the manufacturing and storage of minerals and products to boost beneficiation, investment, economic growth and, most importantly, the development of skills and employment. First-world infrastructure allows for full exploitation of the area's natural and strategic advantages. With its superb industrial infrastructure and well-established network of shipments, tax and duty-free incentives, the IDZ aims to encourage international competitiveness and attract export-orientated manufacturing investment.

INVESTMENT OPPORTUNITIES

Owing to the area's wealth and availability of raw materials – including heavy minerals, pine (more suited and used for timber logging, furniture and structural timber), eucalyptus (gum) and wattle trees (more suited and used for pulp and paper production) and various grades of unprocessed granite blocks (and other minerals) shipped for export through the port – the RBIDZ aims to intensify investigations of opportunities for further up/downstream beneficiation and production of value-added goods for export markets.

a. MANUFACTURING SUB-SECTORS

The manufacturing sector focuses largely on basic iron and steel, paper and printing, as well as food and beverages. The sector is characterised by highly sophisticated manufacturing processes, while its large-scale industrial strengths comprise a varied industrial

base of coal terminals and aluminium smelters, coupled with an impressive number of industries, including mining companies and paper mills, forestry, the production of raw materials handling equipment, fertilizer and special chemicals production. A number of investment opportunities exist in a range of priority sectors, including aluminium, metals fabrication, capital and transport equipment, assembly, capital goods, plastics, pharmaceuticals, chemicals, rubber and recycling.

Given the availability of raw materials, semi-processed products and manufacturing and raw material processing operations established in the region, the RBIDZ Company will investigate opportunities for further downstream beneficiation and production of value-added goods for export markets. The range will include the following sub-sectors:

- Aluminium: Drawing Hot Molten Aluminium from BHP Billiton's Hillside Smelter for the production of aluminium powders, sintered aluminium powder metallurgy products, aluminium castings components such as automotive wheel rims, gearbox housing and similar;
- Heavy minerals: Drawing Titanium Slag from RBM for the production of Titanium Dioxide as a pigment for coating (paint) products. Drawing of Titanium Slag and Ferrochrome from RBM and Tata Steel for the production of high-performance alloys in terms of wear, corrosion and heat resistance and their further downstream processing for the production of mechanical components;
- Forestry: Timber beneficiation to produce wood pulp, paper, furniture, masonite boards and bio-fuel products;
- Granite: Production of value-added granite products, including polished granite slabs, tiles and other granite masonry products;
- Food and Beverage; and
- Green Economy Projects: Tapping on opportunities for renewable energy and recycling initiatives.

b. RESOURCE-BASED INDUSTRIES

South Africa is recognised as a global centre for mining excellence as a result of its abundant deposits of platinum, vanadium, chrome zinc, titanium, phosphate rock, nickel, granite rock,


EXIT

manganese and gold. More than 80% of these nationally mined products are exported via the port of Richards Bay, while KwaZulu-Natal is itself rich in mineral resources, including ilmenite, zircon, rutile, leucoxene and low manganese pig iron. The mining of these minerals provide wide-ranging opportunities for downstream mineral beneficiation.

c. AGRICULTURE AND AGRO-PROCESSING

The region's agricultural sector is a significant contributor to South Africa's gross domestic product (GDP). It is the second-most labour-intensive sector following manufacturing. There exists a number of varied investment opportunities, such as forestry and timber-related industries, paper and pulp, furniture, wood pellets, citrus, organic sugar, vegetables, tropical fruits, macadamia nuts and tequila.

CLIENT CARE AND SUPPORT

The RBIDZ offers clients speedy administrative support services with regards to obtaining Government permits and documentation, such as the registration of entities, IDZ enterprise permits, customs-controlled area documentation, the facilitation of environmental impact assessments, permits for factory construction as well as import and export permits.

In addition, the RBIDZ's team of highly trained professionals is on hand to offer clients a wide range of advisory and other support services.

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SALDANHA BAY INDUSTRIAL DEVELOPMENT ZONE

DESCRIPTION

The Saldanha Bay Industrial Development Zone (SBIDZ) will be an Oil and Gas and Marine Repair engineering and logistics services complex, serving the needs of the upstream Exploration and Production service companies operating in the oil and gas fields in Sub-Saharan Africa.

Situated approximately two hours north of Cape Town, the SBIDZ will include logistics, repairs and maintenance, and fabrication activities.

SBIDZ high-level overview of activities: 2013 to 2017

Maintenance and Repair Services • Maintenance, repair, upgrade and conversion of rigs and other vessels, parts and structures • Inspection, certification	**Fabrication Services** • Structures, subsea manifolds • Spare parts
Communal Services • Property development • Customs clearance • Marketing and administrative functions • Security, medical, food and retail • Utilities, waste management, transport • Road and quay access	**Supply and other Services** • Bonded warehousing / storage • Scheduling and forecasting • Logistics and transport – sourcing and forwarding (air, ship, rail and road) • Lifting, stacking, moving • Pipe coating and upsetting • Tugging/piloting • Project and engineering services (e.g. EPC)

OPPORTUNITIES

What's available?	
Industrial Land	• Serviced land – bulk infrastructure servicing each site within the zone • Greenfields development – flexible size options available • Lots of space – more than 100 ha available in first phase • Long term lease – lease periods long enough to recoup investment in infrastructure • Affordability – below market rental rates because of government investment
Purpose Built Infrastructure	• Custom design to suit Upstream Oil and Gas and Marine services • Heavy load baring roads and sites • Customer / site specific infrastructure offered (warehousing, specialised workshops)
Dedicated Port Access	• Dedicated transport linkage, directly with quayside terminals / facilities • Wide roads & turning circles, heavy load capacity • Designed to compliment port functions – logistics, ship & rig repair, oilfield services

- Focus on attracting oilfield and marine services investors
- First major oilfield companies already in land allocation discussions
- Dedicated industry support from Government, industry bodies and Ports Authority
- Proximity to sophisticated engineering base, including companies already servicing the industry

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Incentives available in South Africa

Manufacturing Investment Cluster

PROGRAMME	PURPOSE	TARGET	OFFERING
EIP: Aquaculture Development and Enhancement Programme	Investment in the aquaculture sector	SA entities involved in fish hatcheries and fish farms (primary aquaculture), processing and preserving of aquaculture fish (secondary aquaculture), service activities to operators of hatcheries and fish farms (ancillary aquaculture)	20-45% grant for investment in land, and buildings , machinery and equipment , commercial vehicles and work boats and bulk infrastructure
Automotive Investment Scheme (AIS)	Investment in light motor vehicles, and components manufacturing.	Motor vehicle manufacturers producing 50,000 units per plant within three years • Component manufacturers.	20-30% grant for qualifying investment in machinery and equipment and buildings.

PROGRAMME	PURPOSE	TARGET	OFFERING
People-Carrier Automotive Investment Scheme (P-AIS)	Investment in people-carrier vehicles and components manufacturing.	People carrier manufacturers / assemblers • Component manufacturers.	20-30% grant for qualifying investment in machinery and equipment and buildings.
12I (Investment and training allowance	To promote industrial upgrading and new investment in manufacturing	Medium to large manufacturers with investment between R30m and R1.5bn	• Training allowance: max R36 000 per person • Max 55% of qualifying investment costs in machinery and equipment

Broadening Participation Cluster

PROGRAMME	PURPOSE	TARGET	OFFERING
Manufacturing Competitiveness Enhancement Programme (MCEP)	Improve Manufacturing Competitiveness	South African Manufacturers and Services Supporting Manufacturing	• Cost-sharing grant for Capital investment • Resource efficiency improvement • Enterprise-level competitiveness improvement • Feasibility studies • Cluster competitiveness improvement • Pre- and post-dispatch working capital facility
Export Marketing and Investment Assistance (EMIA)	To develop export market for South African goods and services and recruit FDI	Export-ready manufacturers	Cost sharing grant for exhibition costs, marketing material & research in foreign markets
Capital Projects Feasibility Programme	Promote the export of South African capital goods and services	• Capital goods sectors and consulting engineers	Cost sharing grant (max 55%) for feasibility study costs

Services Investment Cluster

PROGRAMME	PURPOSE	TARGET	OFFERING
BPS (Business Process Services) Incentive	Encourage the creation of employment opportunities from the offshore market	Enterprises offering Business Process Services to the offshore market	• A baseline incentive which offers a three-year operational expenditure on actual jobs created • A graduated bonus incentive that is offered for greater job creation paid once in the year in which the bonus level is first achieved
Film and TV Production	To grow the film industry to create jobs and to transfer skills	Local and foreign film producers	• 20% of Qualifying South African Production Expenditure (QSAPE) • 25-35% of Qualifying South African Production Expenditure for local films

Services Investment Cluster

PROGRAMME	PURPOSE	TARGET	OFFERING
Black Business Supplier Development Programme (BBSDP)	Broader participation of black-owned SMMEs through provision of business development services	• Majority black-owned entities • R250k to R35m turnover • One year trading	• 80:20 cost sharing grant for business development services • 50:50 cost sharing grant for tools, machinery and equipment
Cooperative Incentive Scheme (CIS)	Broader participation by promoting the development of cooperatives	• Registered co-operative • Operate in the emerging sector • Manufacturing, retail and services	• 100% cost sharing grant for machinery, equipment & business development services

Infrastructure Investment Cluster

PROGRAMME	PURPOSE	TARGET	OFFERING
Critical Infrastructure Programme (CIP)	Leverage strategic investment projects (Greenfield and Brownfield) by financially supporting infrastructure critical to such projects	• Private investors/ companies • South African Municipalities	70:30 cost-sharing grant for qualifying infrastructure

Services Investment Cluster

PROGRAMME	PURPOSE	TARGET	OFFERING
Support Programme for Industrial Innovation (SPII)	Promote technology development in industry in South Africa for the development of innovative products	South African Industry	• The Product Process Development (PPD) Scheme provides financial assistance for small, very small and micro enterprises whose total assets (excluding fixed property) are below R5 million and a turnover of less than R13 million as well as total employees of below 50. • The Matching Scheme provides financial assistance in the form of a taxable non-repayable grant of between 50% and 75% (depending on the shareholding by BEE, women and persons with disabilities) of qualifying costs incurred in pre-competitive development activity associated with a specific development project up to a maximum grant amount five million Rand (R5 000 000).

PROGRAMME	PURPOSE	TARGET	OFFERING
SPII continued			• Financial assistance under the Partnership Scheme is provided in the form of a conditionally repayable grant of 50% of the qualifying cost incurred during development activity with a minimum grant amount of R10 million per project, repayable on successful commercialisation of the project. • The Partnership Scheme repayment levy is calculated as the percentage of the projected value of sales, paid bi-annually, over a specific number of years (typically for five years starting at the first year of recorded sales) which will give a certain nominal Internal Rate of Return (IRR).

PROGRAMME	PURPOSE	TARGET	OFFERING
Technology and Human Resources for Industry Programme (THRIP)	Promote technology development in industry in South Africa for the development of innovative products	South African Industry	• The Technology and Human Resources for Industry Programme (THRIP) is a partnership programme funded by **the dti** and managed by the National Research Foundation (NRF). On a cost-sharing basis with industry, THRIP supports science, engineering and technology research collaborations focused on addressing the technology needs of participating firms and encouraging the development and mobility of research personnel and students among participating organisations.

PROGRAMME	PURPOSE	TARGET	OFFERING
R&D Tax Incentive	The incentive is aimed at encouraging businesses to undertake and invest in R&D in South Africa	South African Industry	• A company undertaking R&D in the Republic of South Africa qualifies for a 150% tax deduction of its operational R&D expenditure. This incentive is available to businesses of all sizes in all sectors of the economy that are registered in South Africa. • All the eligible R&D expenditure will qualify for an automatic 100% tax deduction. An additional 50% uplift applies to expenditures on R&D activities that have been approved by the Minister of Science and Technology, based on the provisions of Section 11D of the Income Tax Act.

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