

PRESENTATION TO PARLIAMENTARY PORTFOLIO COMMITTEE ON TRADE, INDUSTRY & COMPETITION

SPECIAL ECONOMIC ZONES & INDUSTRIAL PARKS PROGRAMME

15 October 2024



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

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SPECIAL ECONOMIC ZONES VALUE PROPOSITION

- The Special Economic Zone (SEZ) Programme plays a significant role in supporting the country's industrial policy by creating environments conducive to export led growth, investment, and job creation. This is done through.
 - **Attracting Investment:** *SEZs offer incentives such as tax rebates, especially Custom Control Areas, Secure operating environment, and One Stop Shop.*
 - **Job Creation:** *By fostering new industries and expanding existing ones, SEZs help create jobs, particularly in manufacturing and related sectors.*
 - **Infrastructure Development:** *SEZs often lead to improved infrastructure.*
 - **Skills Development:** *Many SEZs focus on skills training and development, ensuring that the workforce is equipped to meet the demands of modern industries. This supports broader educational and vocational initiatives in the country specifically on high tech skills.*
 - **Export Promotion:** *SEZs are designed to encourage exports by providing favourable conditions for production aimed at international markets. This helps South Africa diversify its economy and reduce dependency on specific sectors.*

SEZ PROGRAMME TRAJECTORY

Road Leading to the Development of SEZs :

2000 - 2010

- Industrial Development Zones (IDZs)
- Focus on export orientation close to ports of entry
- 4 IDZs designated – Coega, East London, Richards Bay & OR Tambo International Airport
- Performance – 40 investors, R11,8bn investments,
- Comprehensive review in 2010 highlighted major challenges around investor mobilization, planning & coordination etc
- Review led to new policy & legislation

2011 - 2019

- Policy development and legislative approval
- Promulgation of the SEZ Act No. 16 of 2014
- Key elements included:
 - Countrywide vs ports of entry
 - Enhance governance & coordinated planning
 - Supportive financial instruments & incentives
 - World class infrastructure, integration of SMMEs
- 10 potential new SEZs identified in 2012
- By March 2019, 6 new SEZs had been designated, increasing total number of SEZs to 9

2020 - Current

- August 2019 Cabinet directed that **the dtic** should play a more active role in the planning, development and management of SEZs
- Development of the new approach to include strong involvement of all 3 spheres of government to enhance efficiencies
- Tested the new approach with the implementation of Tshwane Automotive SEZ
- In 2020 a National SEZ PMU established and located at the IDC to assist applicants with accelerating implementation and operations

Improved SEZ Implementation Approach

- **Key Challenges in previous Implementation**

- ❑ Failure to commit sufficient financial resources to infrastructure and human resources
- ❑ Weak investment commitments and pre-mature designations
- ❑ Weak Stakeholder Management;
- ❑ Weak executive management team, and high turnover of critical/experienced employees and CEO's;
- ❑ Weak Governance Systems; and
- ❑ Lack or weak long term planning of the zones.

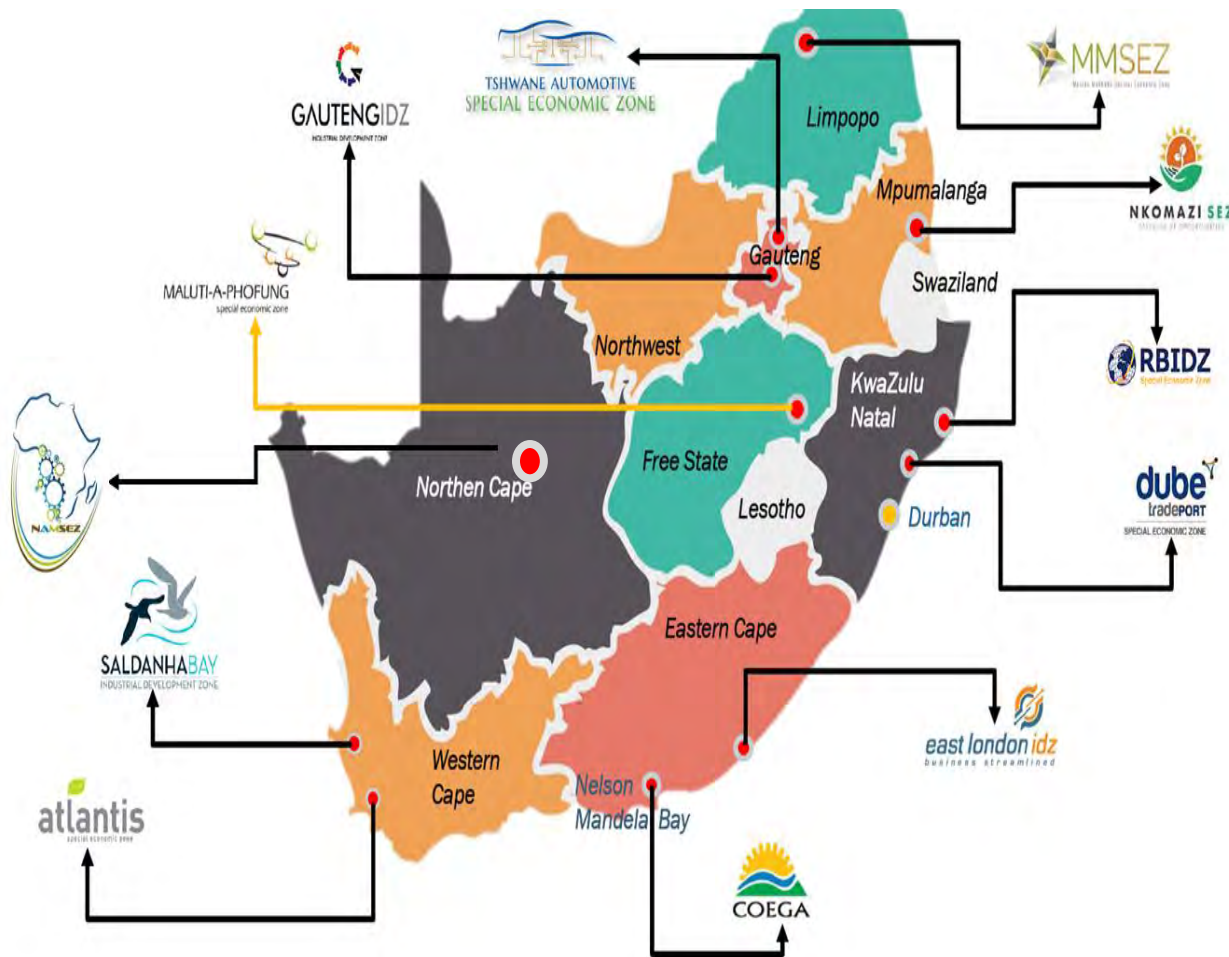
- **Current Improvements in implementation**

- ❑ Industrial Zones Programme provide dedicated Technical Support to Provinces/SEZ to assist with implementation.
- ❑ Ownership by all three spheres of government in SEZ allows for fast tracking implementation.
- ❑ Investor due diligence in order to ensure that investors are financed and credible.
- ❑ Ensuring that SEZs are aligned with Spatial Development Framework and District Development Plans
- ❑ Ensuring that the SEZs establish Skills Hubs, in order to support Youth and SMME Capacity building.
- ❑ Allowing for greater Private Sector participation in the development of Zones

PERFORMANCE HIGHLIGHTS – FUNDING DISBURSED

		Year of designation	Funds Approved as of 2023/24	Funds Disbursed As of May 2024
SEZ	Satus			
Coega SEZ	Operational	2001	R 3 712 874 007,28	R 2 453 390 914,64
East London IDZ	Operational	2002	R 2 138 235 591,31	R 2 138 235 585,31
Dube Trade Port SEZ	Operational	2016	R 289 311 413,00	R 289 311 413,00
Richards Bay SEZ	Operational	2002	R 1 102 972 451,40	R 952 196 823,57
OR Tambo IDZ	Operational	2002	R 836 228 939,08	R 836 228 938,08
Tshwane Automotive SEZ	Operational	2019	R 4 228 823 195,49	R 3 777 867 021,17
Maluti-A-Phofung SEZ	Operational	2016	R 342 488 735,00	R 342 323 093,00
Atlantis SEZ	Operational	2018	R 115 753 005,19	R 111 624 212,95
Freeport Saldanha	Operational	2013	R 1 157 166 489,17	R 1 137 482 621,17
Nkomazi SEZ	Not Operational	2019		
Musina-Makhado SEZ	Not Operational	2018		
Namakwa SEZ	New Designated	2024		

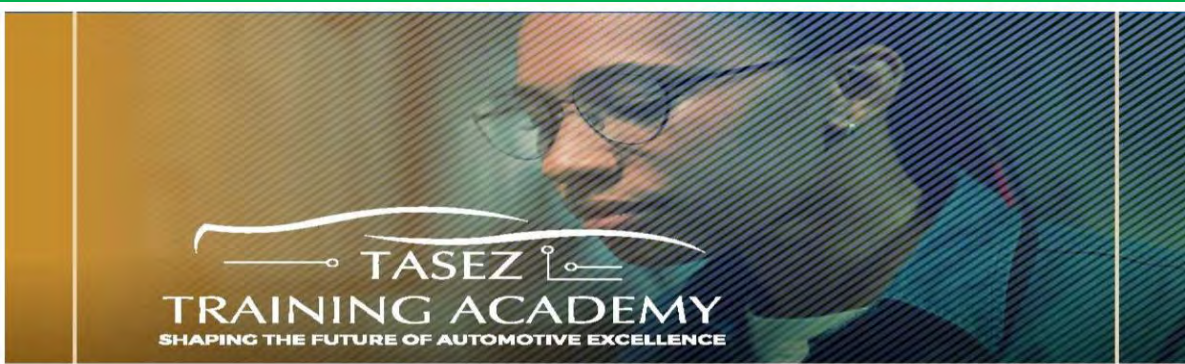
PERFORMANCE HIGHLIGHTS Q2 – OPERATING SEZs



SEZ	Number of operational investors	Value of operational investors (R)	Total direct employment created
Coega SEZ	63	R11 525 999 816,00	10 527
<i>Nelson Mandela Bay Metropolitan Municipality</i>			
ELIDZ	40	R5 825 200 000,00	4 418
<i>Buffalo City Metro</i>			
DTPSEZ	57	R3 010 062 737,00	5 159
<i>eThekweni Metropolitan Municipality</i>			
RBSEZ	4	R1 940 702 821,00	147
<i>King Cetshwayo District Municipality</i>			
ORTIDZ	15	R993 500 000,00	2 734
<i>Ekurhuleni Metropolitan Municipality</i>			
TASEZ	10	R5 570 000 000,00	3 334
<i>Tshwane Metropolitan Municipality</i>			
MAPSEZ	4	R1 025 000 000,00	172
<i>Thabo Mofutsanyana District Municipality</i>			
ASEZ	7	R815 000 000,00	423
<i>City of Cape Town Metropolitan Municipality</i>			
SBIDZ	16	R268 000 000,00	107
<i>West Coast District Municipality</i>			
216		R30 973 465 374,00	27 021

Industrial Zones Programme (SEZ Capacity Unit) – Key Deliverables		
Projects	Interventions	Outcomes
Namakwa SEZ	<ul style="list-style-type: none"> •Enable the implementation of the anchor investment •External bulk infrastructure mobilisation •Facilitate township establishment •Facilitate capital raising for bulk infrastructure •Facilitate the conceptualisation of Boegoebaai development 	<ul style="list-style-type: none"> •Ownership by SEZ of the land secured on favourable terms •Pipeline of investors verified •Firm commitment from anchor investor committed •Professional built environment service providers for the design of the bulk infrastructure appointed •Funding applications for bulk infrastructure submitted •Township establishment processes underway
Musina-Makhado SEZ	<ul style="list-style-type: none"> •Provision of implementing agent services for bulk infrastructure implementation •Secure firm investment commitments •Facilitate capital raising for bulk infrastructure •Facilitate finalisation of township establishment 	<ul style="list-style-type: none"> •Professional built environment service providers for the design of the bulk infrastructure appointed •At least R1 billion in investments secured •Funding applications for bulk infrastructure submitted •Township established
Nkomazi SEZ	<ul style="list-style-type: none"> •Intervene in securing Provincial Budget for the development of Bulk Infrastructure and Operational Offices. •Unlock CIP funding for the extension of the Railway line into the SEZ. •Intervene in securing funding from the Department of Transport (SANRAL) fund the construction of the road interchange 	<ul style="list-style-type: none"> •Increase Investment •Facilitate infrastructure development •Provide advisory governance support •Facilitate the implementation of integrated security infrastructure
Vaal SEZ	<ul style="list-style-type: none"> •Continue to provide fiduciary oversight and corporate governance support •Site readiness preparation •Implement Integrated Security Infrastructure Project •External bulk infrastructure mobilisation •Facilitate finalisation of township establishment •Secure firm investment commitments •Facilitate capital raising for bulk infrastructure 	<ul style="list-style-type: none"> •Professional built environment service providers for the design of the bulk infrastructure appointed •At least R2 billion in investments secured •Funding applications for bulk infrastructure submitted •Township established •Integrated Security Infrastructure Project implemented

SEZ SKILLS & SME DEVELOPMENT



14 August 2024

The TASEZ Training Academy is gearing up for a day of celebration, with the handing over of certificates to their newest group of graduates on Thursday, 15 August 2024.

The training team is hosting the event as part of its on-going commitment to much-needed skills development in a rapidly changing automotive industry.

With the 163 graduates demonstrating exceptional dedication and skill in their training, the event is an opportunity to recognising their hard work and commitment.

COEGA MSP LEARNERS EMPOWERED FOR SUCCESS THROUGH NELSON MANDELA UNIVERSITY ADMISSIONS WORKSHOP

14 Aug 2024 | Coega Maths and Science Programme (MSP) [SHARE THIS PAGE](#) [Twitter](#) [Facebook](#) [LinkedIn](#)

On Monday, 12 August, the Coega Development Corporation (Coega), in collaboration with the Nelson Mandela University, orchestrated an admissions and career counselling workshop for the Coega Maths and Science Programme (MSP), Class of 2024.



Coega Maths and Science Programme Class of 2024 and Coega Development Corporation employees alongside representatives from the Nelson Mandela University, attended a workshop



Nal'ithemba Enterprise Development Programme

- Seeks to respond to a need to develop and support local Small, Medium, and Micro Enterprises ("SMMEs") towards greater participation in the RBIDZ's investment activity.
- To complement our industrial investment through upstream and/ downstream participation by local SMMEs resulting in localization that leads to job creation and a contribution towards inclusive growth.
- To develop and foster a collaborative approach with its investors (current and prospective) in order to establish a mutually beneficiary programme.



Development Sectors

Opportunities exist in the metals Beneficiation & ICT sector; key amongst which are:

- Manufacturing
- Agribusiness
- Services

Requirements

Companies must meet the following minimum criteria for further consideration, and copies of the requirements listed below must accompany their applications:

- Minimum investment of R10 million
- Minimum of 10 full-time employees
- Minimum of 5 years of operation
- Minimum of 5 years of experience in the sector
- Minimum of 5 years of experience in the sector

The Atlantis Special Economic Zone (ASEZ) is proud to announce the signing of a Memorandum of Understanding (MoU) with Casidra, a leading agency in rural development. This strategic partnership is set to enhance collaborative efforts towards Sustainable Integrated Development in rural areas, focusing on Agricultural and Economic Development within a Rural and Land Reform context.

The MoU was officially signed with Casidra, with key representatives from both ASEZ and Casidra in attendance. This landmark agreement underscores the commitment of both organisations to fostering intentional collaborations that are crucial for pinpointing impactful work being carried out in the Atlantis community.

Selwyn Willoughby, Integrated Eco Systems Executive of ASEZ, commented on the significance of the partnership: "This MoU represents a significant step forward in our mission to drive sustainable development in Atlantis. By joining forces with Casidra, we can leverage our combined expertise and resources to create meaningful and lasting impacts in the communities we serve. This collaboration will not only enhance agricultural and economic development but also drive the transition to an inclusive green economy, contributing to the broader goal of sustainable integrated development in pursuit of the Just Transition."

PROPOSED SEZs and EXPANSIONS

Fetakgomo – Tubatse SEZ

- Primary focus is establishing a Industrial Complex, to allow for the localization of mining inputs to the Mines in the area.
- Establishing a skills center to train and develop, youth and smme's in mining modernasation

Coega Vaccine & Pharmaceutical Hub

- Will enable South Africa to have its own vaccine manufacturing capabilities and supply needed vaccines to the broader continent.
- A dedicated Hub, to co locate suppliers in the vaccine & pharma value chain, thus improving competitiveness and efficiencies.

Vaal SEZ

- Reindustrialisethe current Vaal industrial basin through focusing on a green energy path supporting the country's decarbonisation agenda
- Core focus on components assembly, green energy derivatives and supply chain synchronization.
- Skills development and training in green energy production and related components.

INDUSTRIAL PARKS REVITALISATION PROGRAMME

Reimagined Industrial Spaces and Eco-Industrial Parks

Investment & Spatial Industrial Development (ISID)



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Abbreviations

TERM	DESCRIPTION
IPs	Industrial Parks
IPRP	Industrial Parks Revitalisation Programme
SEZ	Special Economic Zone
ISID	Investment & Spatial Industrial Development
RDI	Research, Development And Innovation
NCPC	National Cleaner Production Centre
CSP	Cities Support Programme
NT	National Treasury
DFFE	Department of Fishery, Forestry & Environment
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (German Federal Ministry for Economic Cooperation and Development)
SECO	Swiss State Secretariat for Economic Affairs
UNIDO	United Nation Industrial Development Organisation
GEIPP	Global Eco-Industrial Parks Programme
CRA	Credit Rating Analytics
CoT	City of Tshwane
CoJ	City of Joburg
CoE	City of Ekurhuleni

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CONTENT

- 1) *Role of intervention of IPRP*
- 2) *Scope of IPRP*
- 3) *Role of IPRP Partners & Stakeholders*
- 4) *Role of International Partners & Stakeholders*
- 5) *New Implementation Approach conceptualisation*
- 6) *Key tenets of the new implementation framework*
- 7) *Process Outline for the Reimagined Industrial Parks approach*
- 8) *Funded & Prioritised Industrial Parks of Provinces*
- 9) *Capacity building for Industrial Parks using the Eco-Industrial Parks Approach and GEIPP*
- 10) *NT-Cities Support Programme (CSP) 3 - Areas of Interventions*
- 11) *Reference Material*



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Role of intervention of IPRP:

- Support for state-owned Industrial Parks (Revitalisation of Brownfields & Greenfields)
- Business (SMMEs) & industry infrastructure support for Township & Rural economies
- Identifying and enabling opportunities for local manufacturing and value addition in marginalized communities

The Industrial Park Revitalisation Programme (IPRP) is a catalytic industrial infrastructure intervention mechanism, through which a private public partnership model is implemented to promote sustainable and competitive industrial parks, spaces & clusters – particularly in townships and rural communities to grow local economies for conducive investment opportunities



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the dtic scope of IPRP - *facilitation, coordination and support role*

- **Infrastructure upgrade for IPs** – Electricity, water, road, waste, security, digital & fibre network infrastructure
- **Governance & Operations** – use of EIP strategy, planning, master planning and other strategic support measures
- **Safety and security** – installation of coordinated provision for crime prevention measures and services delivery through shared facilities with local communities
- **Stakeholder participation** – coordination of community engagements, projects enhancement services like training & capacity building opportunities, community development support, supplier development services info
- **Green Economy** - awareness raising for industry regarding sustainability, carbon emission reduction measures, etc. Coordinating assistance for municipalities and communities to understand importance of environmental protection
- **Regulations and compliance baseline of industrial spaces** – support of ESG guidelines, green economy and sustainability of the industrial parks

The NCPC

- Responsible for industrial decarbonisation implementation strategy & plans, in line with the green economy framework as guided by Green Industries Policy unit of **the dtic**, and it includes the concepts of circularity (or circular economy), sustainable industrial development and resource efficiency in industrial spaces (parks, zones & at firm level)
- Implementing agent of **the dtic** industrial parks capacity building and assessment plans, in line with the Agreement signed with UNIDO SECO under GEIPP

National Treasury

- Provides Technical Support Assistance to **the dtic** for implementation of IPR and Eco-Industrial Parks Master Planning, under the support of the CSP-3
- Leads Cities Support Programme (CSP) funded by World Bank & SECO for Metro industrial spaces capacity building & support

Provinces, Municipalities and their Development & Finance Agencies

- Own and control all state-owned Industrial Parks
- Collects rentals and offer services for electricity, water, waste and infrastructure maintenance in the parks

Other key national Departments

DSBD

- Co-funding and capacity support on infrastructure development for SMMEs located in industrial parks, and linked to the township and rural economy initiatives

DFFE

- Just transition and green economy policy support for industrial spaces. Support programmes for decarbonisation, circularity and waste economy for efficient resource utilisation in industrial spaces

NEDLAC, Business Clusters and Communities

- Crowding-in of critical funding and investment support initiatives for sustainable Industrialisation
- Improving labour, business and community stakeholder relations for conducive investment climate
- Collaborate on impact of just transition programmes

UNIDO, SECO, GIZ

- Funding support for GEIPP for development & implementation of the Eco Industrial Parks programme
- Building capacity at firm and industrial parks level for sustainable green industrialisation
- Provides support measures and guidelines for efficient resource utilisation for industrial spaces
- Builds capacity for investment opportunities for foreign players

Conferences, Workshops & Roundtable Discussions – on EIP & Industrial Spaces

- Industrial Futures Dialogue and / or the EIP Roundtable hosted quarterly
- Under the CSP banner, Cities Economic Management Development Forum (CEMDF) held bimonthly
- International Eco-Industrial Conference hosted under the UNIDO banner by NCPC

Forum for communicating national and international developments on industrial parks & spaces are hosted by three parties: the dtic, NT and NCPC




New Implementation Approach conceptualisation

- **Post National Industrial Parks Summit 2023** on Reimagined industrial spaces with resolutions and recommendations for **new national implementation strategy for Industrial Parks (Spaces)** applicable to both public and private
- **National Task Team** on reimagined industrial spaces comprising of **the dtic**, NCPC, NT, DSI, DFFE, GIZ, UNIDO established
- **Draft on implementation framework** and green paper on industrial parks (spaces) developed
- **Stakeholder engagements hosted** through **the dtic**, NCPC & NT to promote the revised proposed policy framework and raise awareness/ drive advocacy of a new approach
- **Work plan structure to support implementation through EIP approach** and capacity building methodology
- Use of the following **design informants to select sustainable industrial spaces:-**
 - *Impact at scale (size, scope, jobs, location, etc)*
 - *National, Provincial & Local strategic alignment and integration (Master Plans, Provincial Growth Plans, IDPs, etc.)*
 - *Inter-governmental coordination and resource mobilisation (DDM)*
 - *Broad stakeholder engagement (including labour, academia, private sector, DFIs)*
 - *Use of the www.spatialtaxdata.org.za and other econometrics tools to better define pragmatic policies for industrial spaces*

Key Tenets of the new implementation framework

- **Use of IGR** for collaborative engagement and contribution by all stakeholders
- **Co-funding** for critical required interventions
- **Crowding-in of private funding and investment** opportunities for sustainable development
- Establishment of an **independent industrial parks operating entity / authority** appointed by joint stakeholders
- Development of **approved and compliant business plans** for Industrial Parks / Spaces
- Development of a **financial model for industrial parks, beyond the revitalisation phase** and less dependent on the fiscus for sustainability
- **Professionalisation of the management and operations** of state owned industrial spaces
- Development of **efficiencies in resource management** in the parks / spaces (water, electricity, waste, roads, pollutions, etc.)
- Ensure **funded security and safety provision solutions** in industrial spaces
- **Implementation of the 'Getting the Basics Right' plan** for industrial parks

PROCESS OUTLINE FOR REIMAGING INDUSTRIAL PARKS

Process Phases	Phase 1: Building a shared vision for IPs	Phase 2: Executing the vision		Phase 3: Measuring the impact and scaling up action
Major Objective 	To establish a common vision and shared approach for the transition of IPs	Phase 2A: IP Management & operation Improved business process and competitive investment areas	Phase 2B: Enablers and capacity building To ensure coordinated deployment of enabling environment	To facilitate accountability and catalyse continuous improvement and action
Key Activities 	<ul style="list-style-type: none"> Undertake sector engagements: <ul style="list-style-type: none"> Targeted focus group discussions National Workshop Develop a national brochure on IPs 	<ul style="list-style-type: none"> Develop Framework for Grading of IPs in line with Strategic Framework (SF) Pilot SF & Framework for Grading IPs in 10 parks Establish a national coordinating and collaborative structure for IP Map out 5-IPs per province 	<ul style="list-style-type: none"> Identify & pilot funding models for IPs in line with SF Establish an IP Capacity Building Facility Establish a funding and incentive structure for IPs Leverage DDM to formulate partnerships for capacity building & funding 	<ul style="list-style-type: none"> Collect and share lessons on impact Identify sites for replication Identify sites for repurposing and decommissioning Identify new IP investment areas
Key Outputs & Outcomes 	<ul style="list-style-type: none"> Shared sector vision and approach for industrial parks Strategic Framework & Implementation Roadmap for IPs in South Africa 	<ul style="list-style-type: none"> Defined IP Grading and certification system Clear mapping of industrial parks per province Revive the dtic website to be a knowledge hub for accessing IP relevant investment information per province Develop an innovative financial model as a Fund dedicated for IPs supported by the dtic, IDC, DBSA & NT 		<ul style="list-style-type: none"> Due diligence and options analysis for IPs to be repurposed, decommissioned & new investment



Capacity building for Industrial Parks using the Eco-Industrial Parks Approach and GEIPP

Implementing agent: NCPC

Eco-industrial Parks Approach

- **The Eco-Industrial Park** Programme is a national focus area that supports the transition of industrial spaces to becoming more sustainable by addressing social, economic and environmental aspects.
- **EIP approaches** drive industry transition towards a circular (green) economy through technical support, capacity building and training and RECP assessment

The Global EIP Programme (GEIPP):

“Demonstrates the viability and benefits of Eco-Industrial Park approaches in scaling up resource productivity and improving economic, environmental and social performances of businesses and thereby contribute to inclusive and sustainable industrial development.”

- 2019 – 2023 (Phase 1)
- Funding support

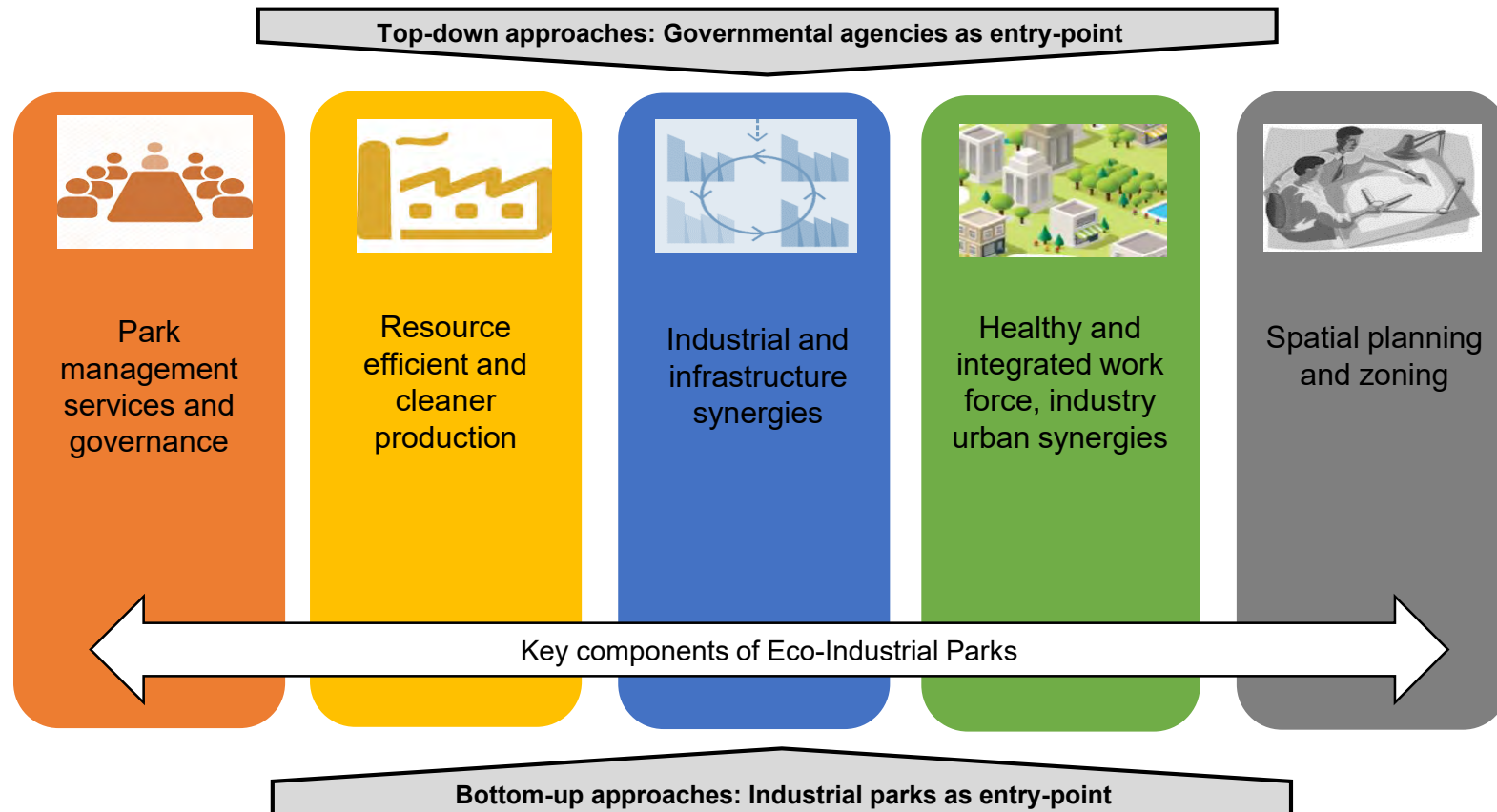


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Confédération suisse
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Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO

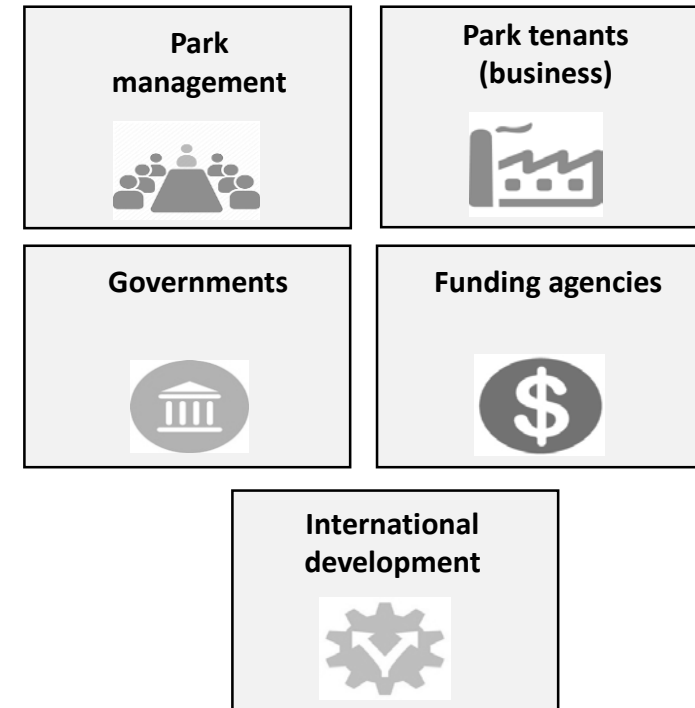
Key components of an EIP



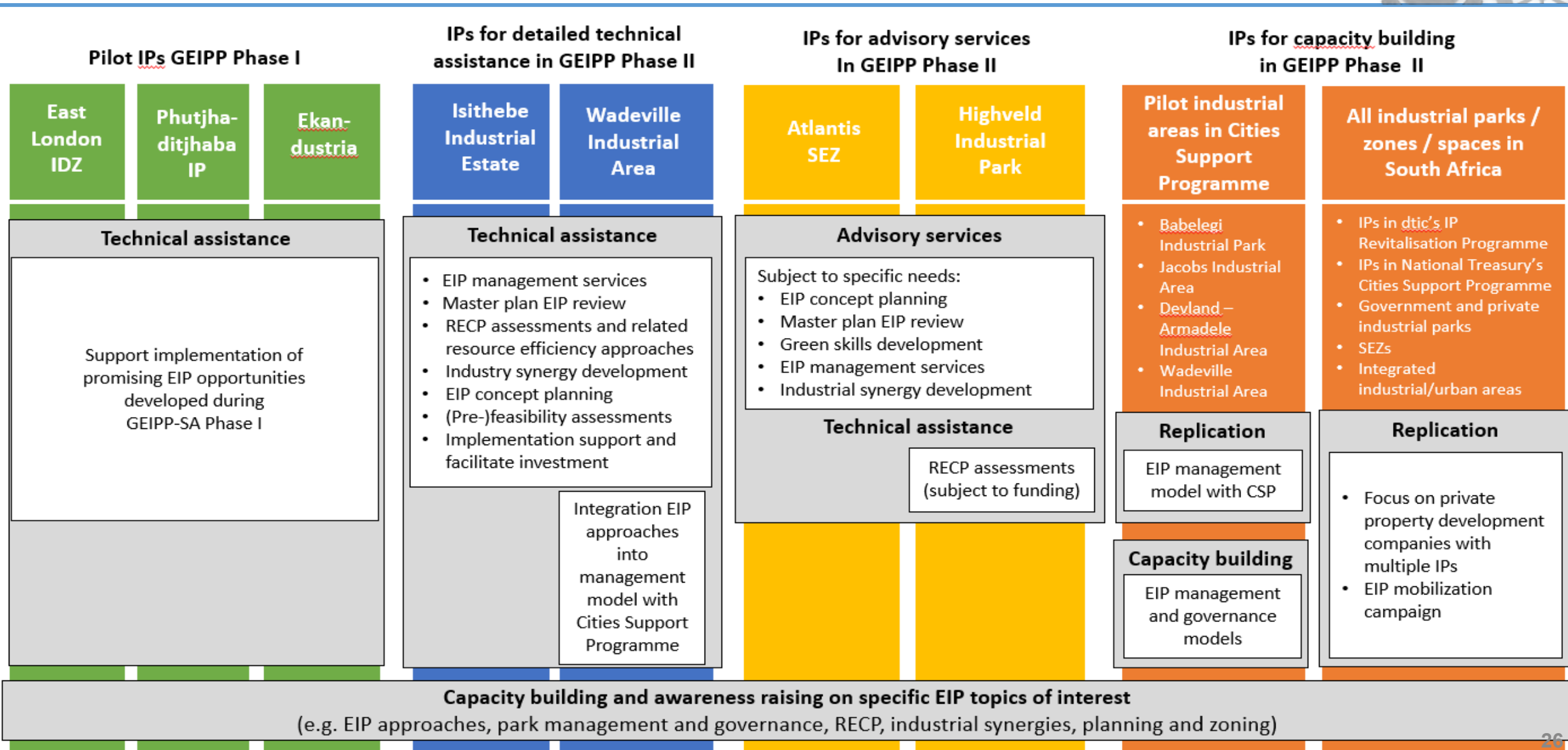
https://www.unido.org/sites/default/files/files/2019-11/International_Guidelines_for_Industrial_Parks.pdf.

International EIP Framework - Objectives

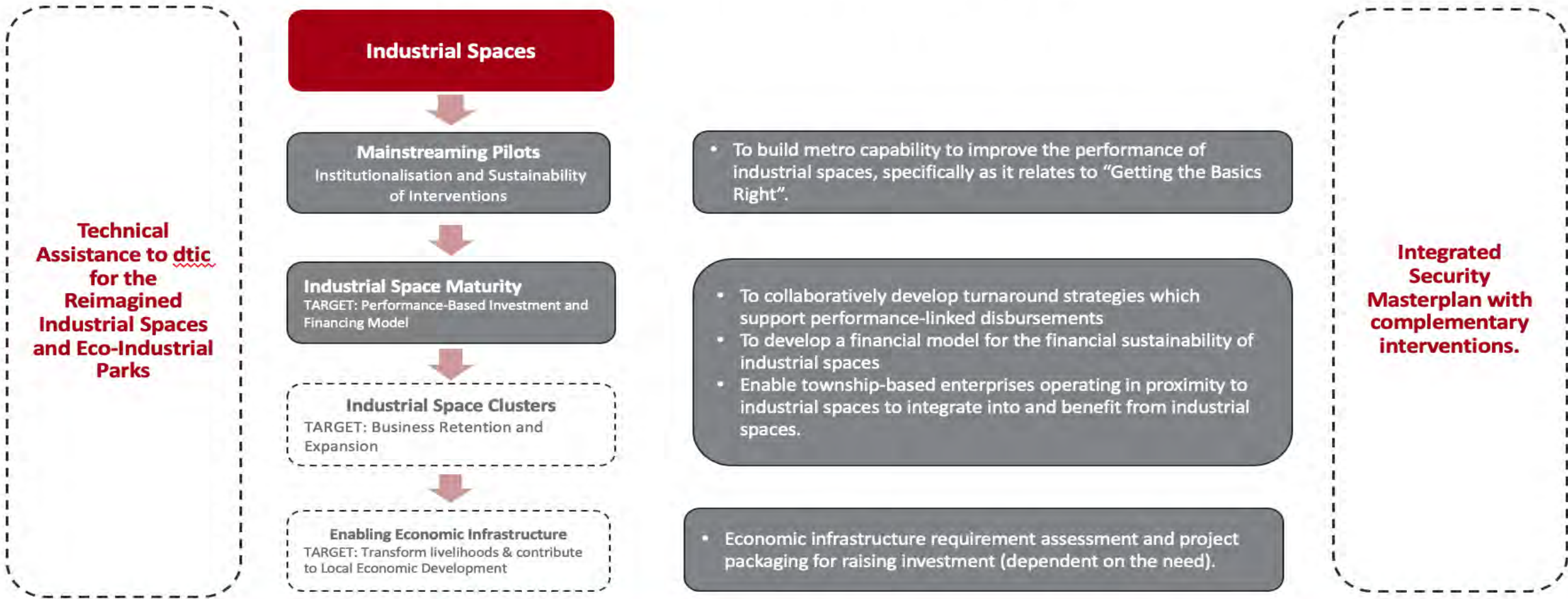
- Create **common understanding** of Eco-Industrial Parks
- **Identify improvement opportunities**, optimise existing industrial parks
- **Monitor and assess** operational **performance** of existing industrial parks
- Inform **investment decisions, funding** and due diligence studies
- Gain recognition and build **market profile**
- Serve as a practical framework to **support decision making**



GEIPP-SA Phase II



Economic Development: CSP3 Focus Areas



1. Draft Industrial Parks Implementation Framework (**the dtic** & stakeholders, 2023)
2. Township & Rural Economy Study Report on mapping and opportunities on selected areas (**the dtic**, 2023)
3. GEIPP / EIP Resource Material for supporting IPs in SA (NCCP, 2024)
4. Reference Guide for Industrial Park Master Planning in South Africa (GEIPP, 2024)
5. Resilience Guide (Draft) for Industrial Parks (GIZ, 2023)
6. Mapping of Industrial Parks in Gauteng (NCPC, 2024)
7. Development Toolkit for Revitalisation of Municipal Industrial Spaces (NT, **the dtic** & NCPC, 2023)

THANK YOU