



WHEN THE SUN RISES
WE WORK HARD TO DELIVER

**Progress report on the implementation
of the Nkomazi SEZ to the Select Committee on Trade and
Industry, Economic Development, Tourism, Employment and
Labour**

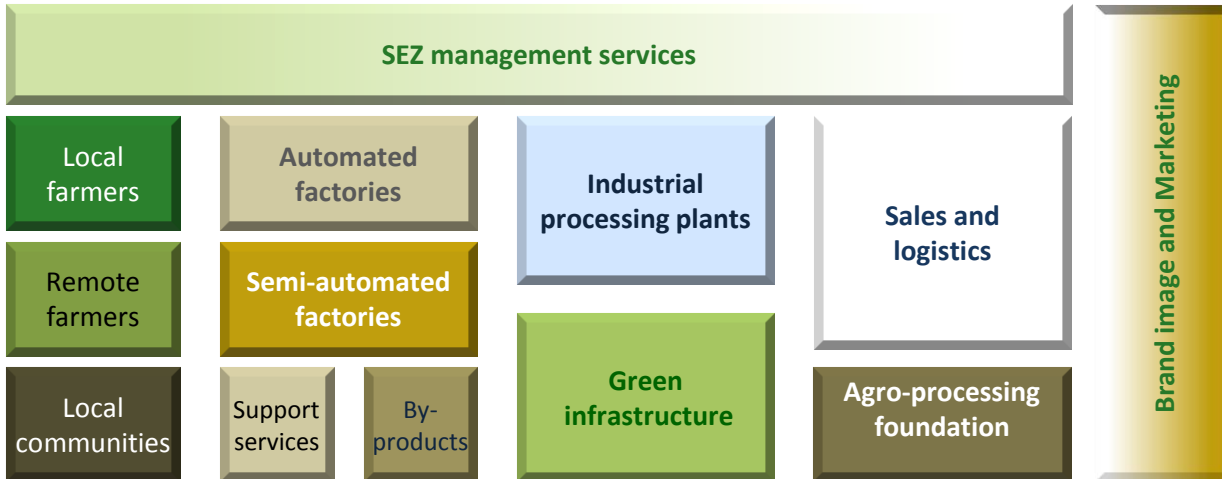
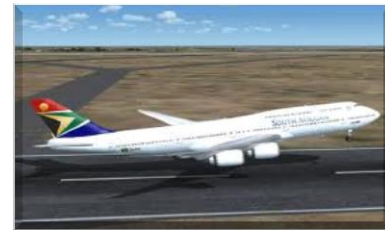
16 March 2021

Outline

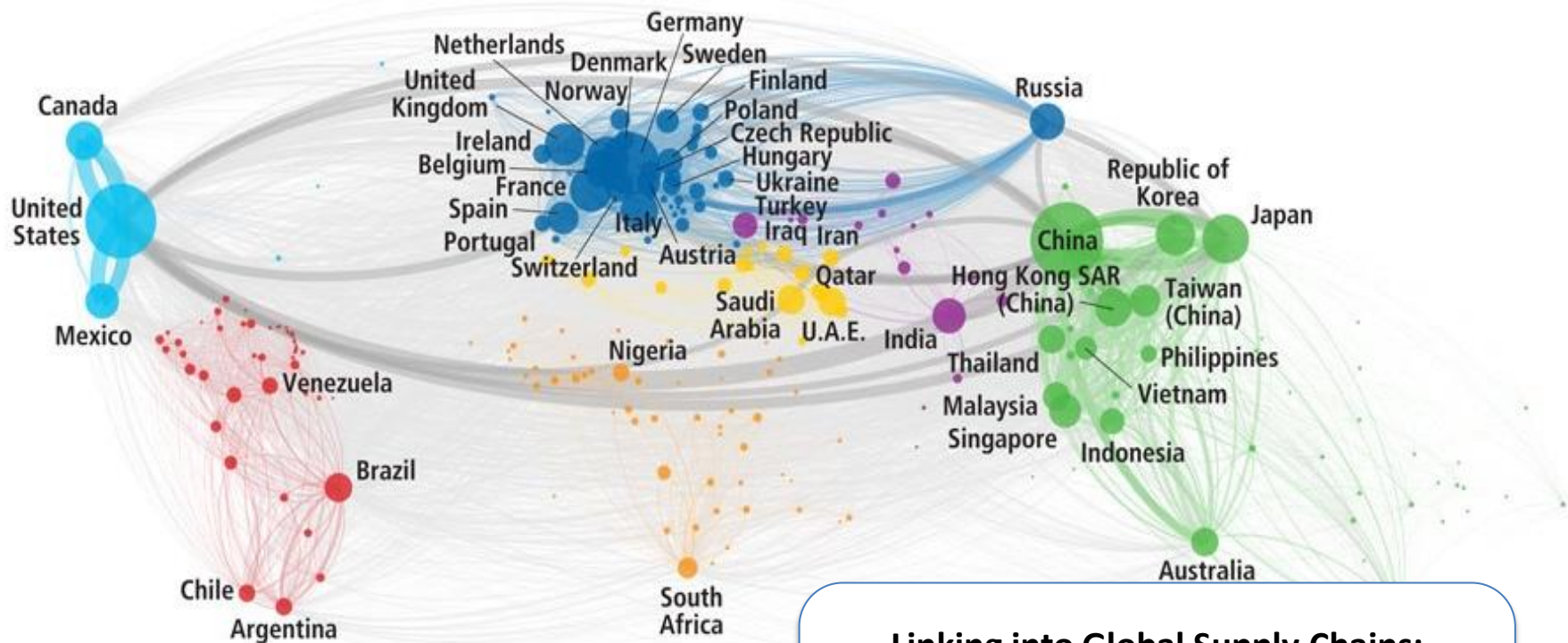
Nkomazi SEZ:

1. Strategic Intent
2. Background to SEZ
3. Conditions of Designation
4. Phases of development
5. Land Preparation & Bulk Infrastructure
6. Investment Pipeline
7. Establishment of SEZ Entity

Abundance through industry from natural endowments



Global trade connectedness- Linking into Global Supply Chains



Linking into Global Supply Chains:
Historic markets like EU are no longer
“friendly” markets- seeking new markets
in Middle and Far East

Strategic intent of the Nkomazi SEZ

The Nkomazi SEZ Aspiration: a 10-year view

Economic Impact

SEZ GDP	R97.6 billion	Construction jobs	8275
SEZ Export	\$ 3.5 billion	Industrial jobs	9505
Primary agriculture	R5.3 billion	Agricultural jobs	81 765

Agro-processing 52%

Nutraceuticals
manufacturing 38%

Bulk & Industrial 10%



Social Impact

New human settlement
development with 10 000
houses, schools, and technical
colleges

**Reduced unemployment,
poverty and inequality**



Nkomazi SEZ: Background

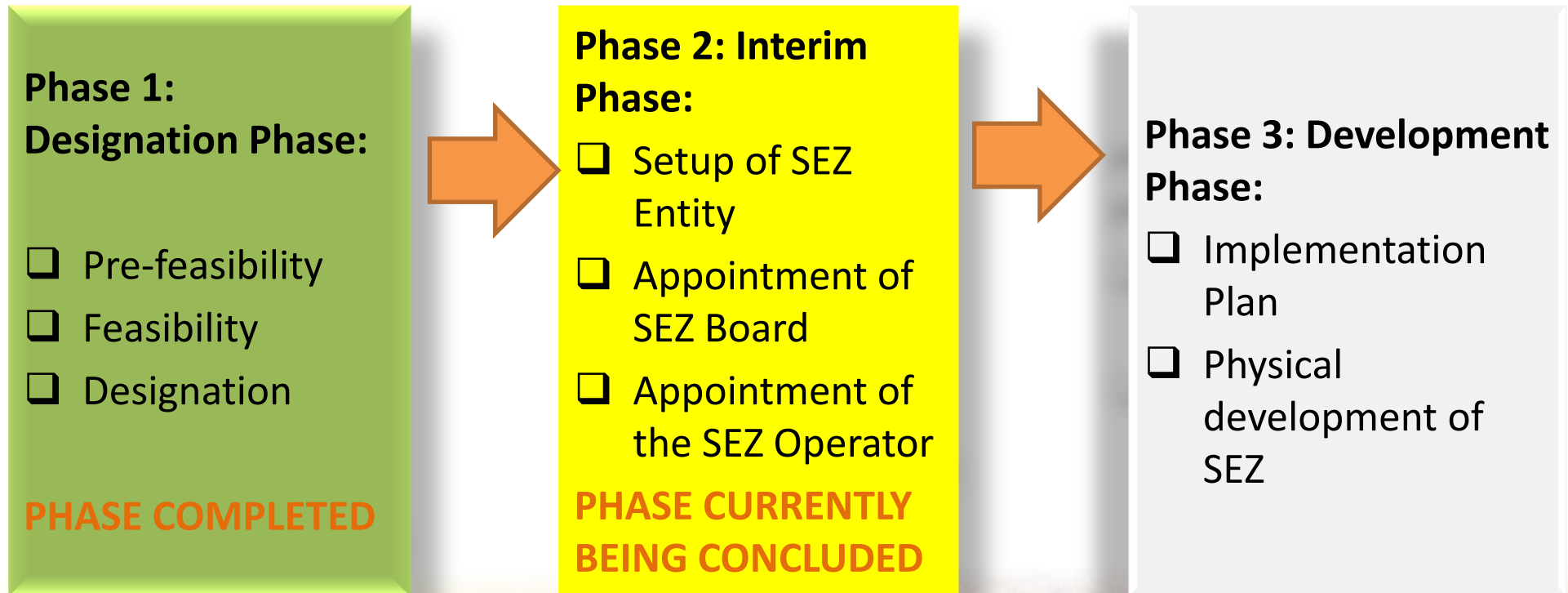
- The process of establishing the Nkomazi Special Economic Zone was initiated in 2012.
- The focus of the proposed SEZ will be on Agro-processing, nutraceuticals as well as logistics.
- This process is having three distinct phases namely: The Designation Phase, Interim Phase and Development Phase.
- The Designation of the SEZ was approved by National Cabinet in December 2018 and formally gazetted on the 22nd of March 2019
- The approval letter also contained specific conditions that the Licensee needs to adhere to as part of the SEZ development.

Conditions of Designation

- The Minister of Trade and Industry approved the Designation in January 2019.
- The Letter of Designation outlined the following conditions:
 - Upon the designation the province must appoint an operator with the necessary capacity, knowledge and experience to manage the SEZ.
(Note: SEZ Entity to appoint operator as per SEZ Act)
 - The Zone must comply to B-BBEE and Employment Equity Legislation, in particular, economic inclusion of black emerging farmers, local sourcing, and black economic participation along the full agricultural value chain
 - The Nkomazi SEZ Board must have representation from the Dti
 - The applicant must demonstrate private sector participation, particularly in the funding of the SEZ infrastructure

Nkomazi SEZ: Phases of development

Phases of Nkomazi SEZ Development



High Level Implementation Plan (Adjusted)

No	Period	2020										2021						
	Activity	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Ma	Apr	May	Jun	Jul	
1	Establish the SEZ Entity (Interim)	Covid 19 Lockdown	Covid 19 Lockdown															
2	Appoint the SEZ Entity Board																	
3	Recruit key SEZ Entity Management																	
4	Establish and capacitate the PMU																	
5	Develop the SEZ Strategy and Plan																	
6	Minister approves the SEZ Strategy and Plan																	



Land Preparation

Township Establishment

Process of Township Establishment:

Milestones	Project Milestone
1	Submission of the scoping report to DARDLEA and proposed Township Establishment application to Municipality
2	Approval of Township Establishment and approval of EIA by virtue of an Environmental Authorization(EA)
3	Adherence to conditions set by Municipal Planning Tribunal & conditions contained in Environmental Authorization
4	Submission of the General Plan to the Office of the Surveyor General
5	Approval of the Plan by the Office of the Surveyor General
6	Opening of the Townships Register by the Registrar of Deeds

Environmental Authorization

<i>Key Focus Area</i>	<i>Key Activities to fast-track implementation</i>	<i>Progress</i>
Environmental Authorisation of SEZ	EA obtained	Completed
Water & wastewater-	Obtain Water Use Licence Authorisation (WULA) from Department of Water and Sanitation	An application has been lodged already with the Department of Water & Sanitation (DWS) . The DWS was engaged with a view of finding a way to shorten the time period.



Typical SEZ Site Development



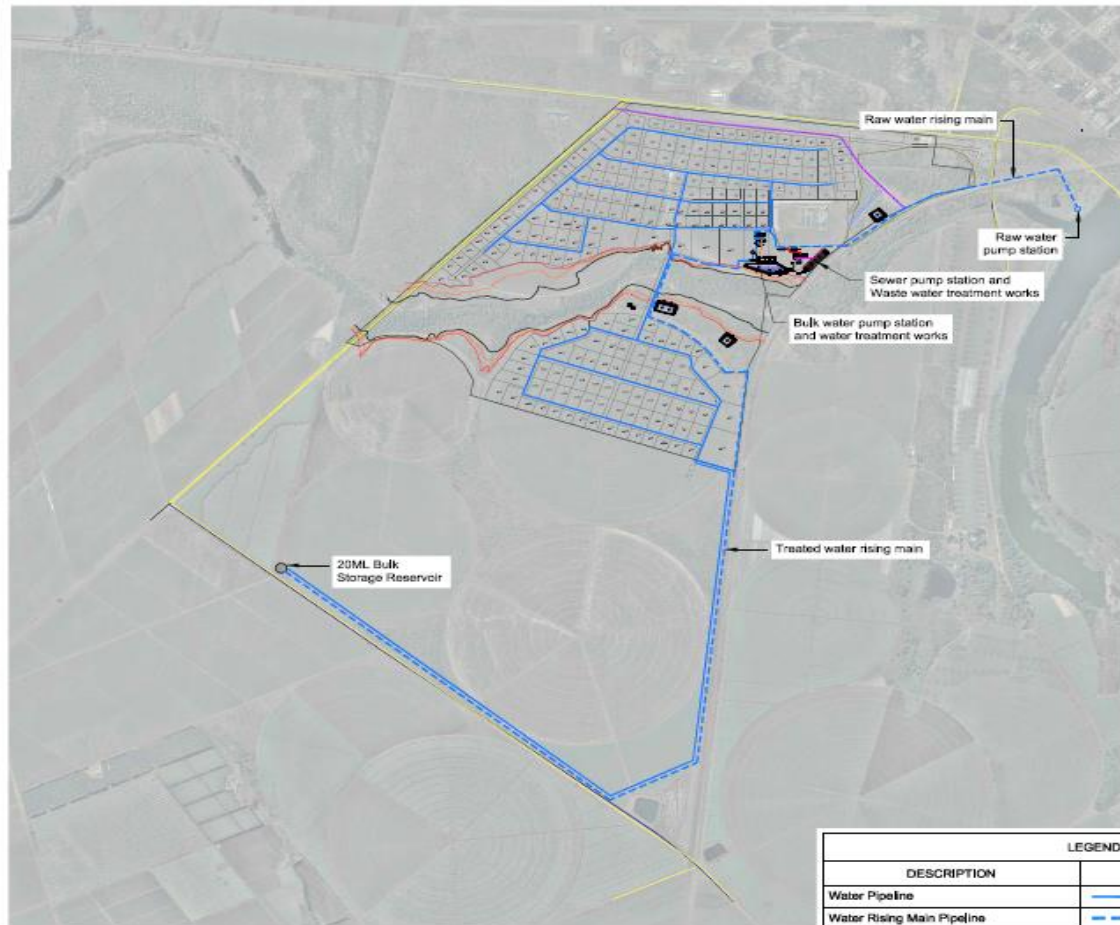




Bulk Infrastructure

Bulk Infrastructure

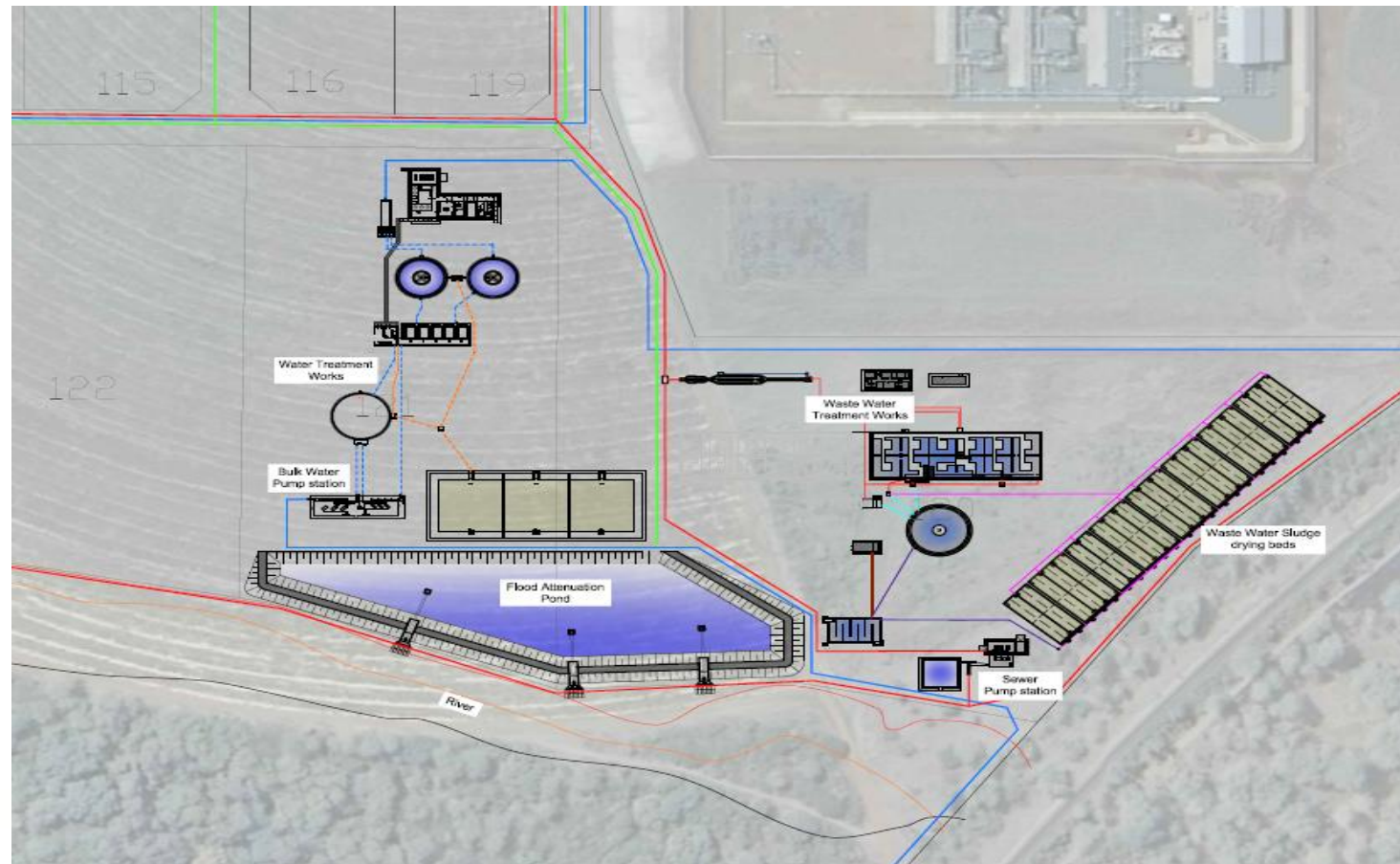
<i>Key Focus Area</i>	<i>Key Activities to fast-track implementation</i>	<i>Progress to date</i>
Bulk Infrastructure in place to accommodate proposed SEZ	Final designs must be commissioned in order to prepare for development phase of the SEZ	Detailed Concept and preliminary designs in place.

Bulk Infrastructure: Water reticulation



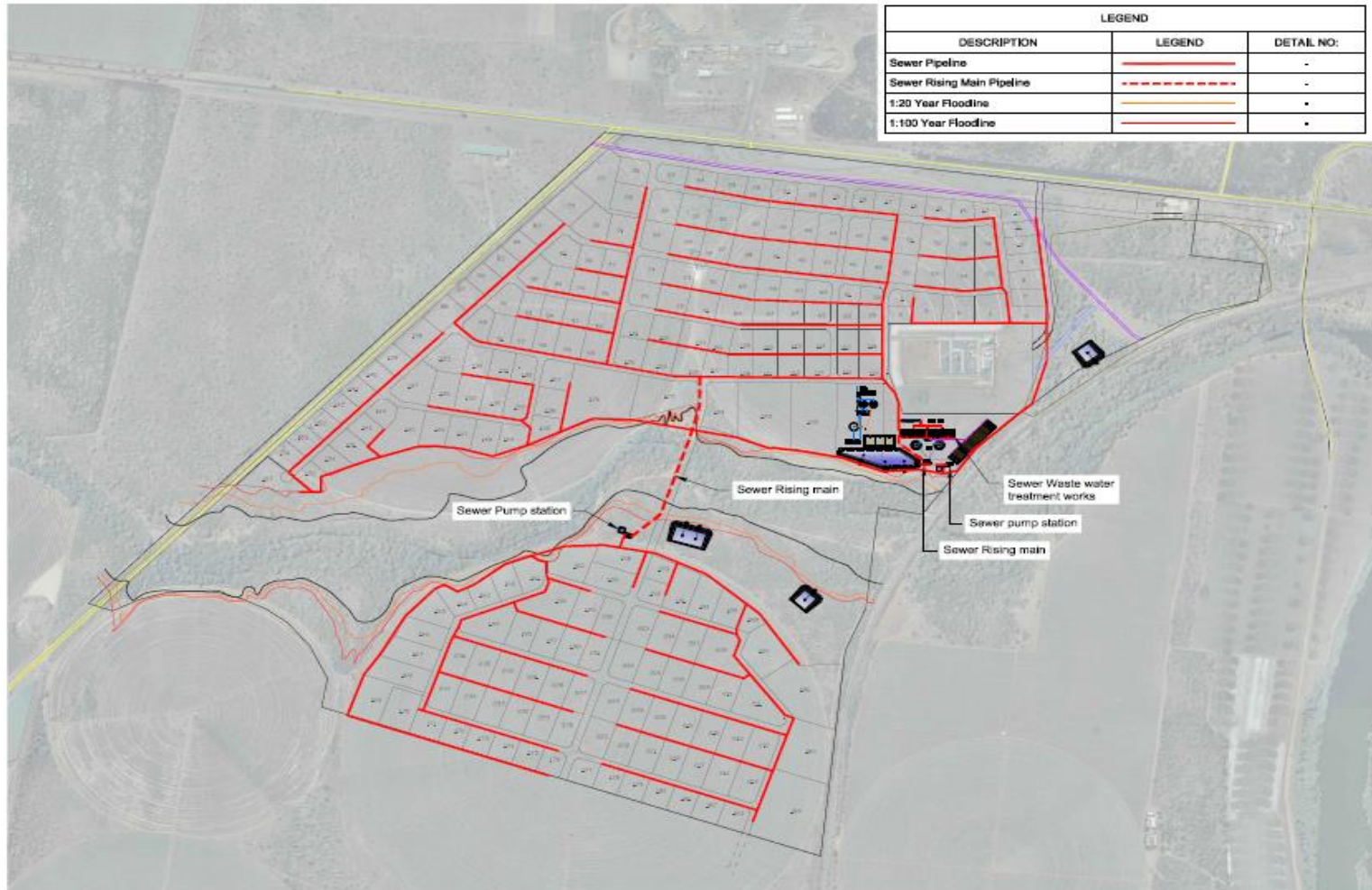
LEGEND		
DESCRIPTION	LEGEND	DETAIL NO:
Water Pipeline		-
Water Rising Main Pipeline		-
1:20 Year Floodline		-
1:100 Year Floodline		-

Bulk Infrastructure: Water & waste water treatment plant



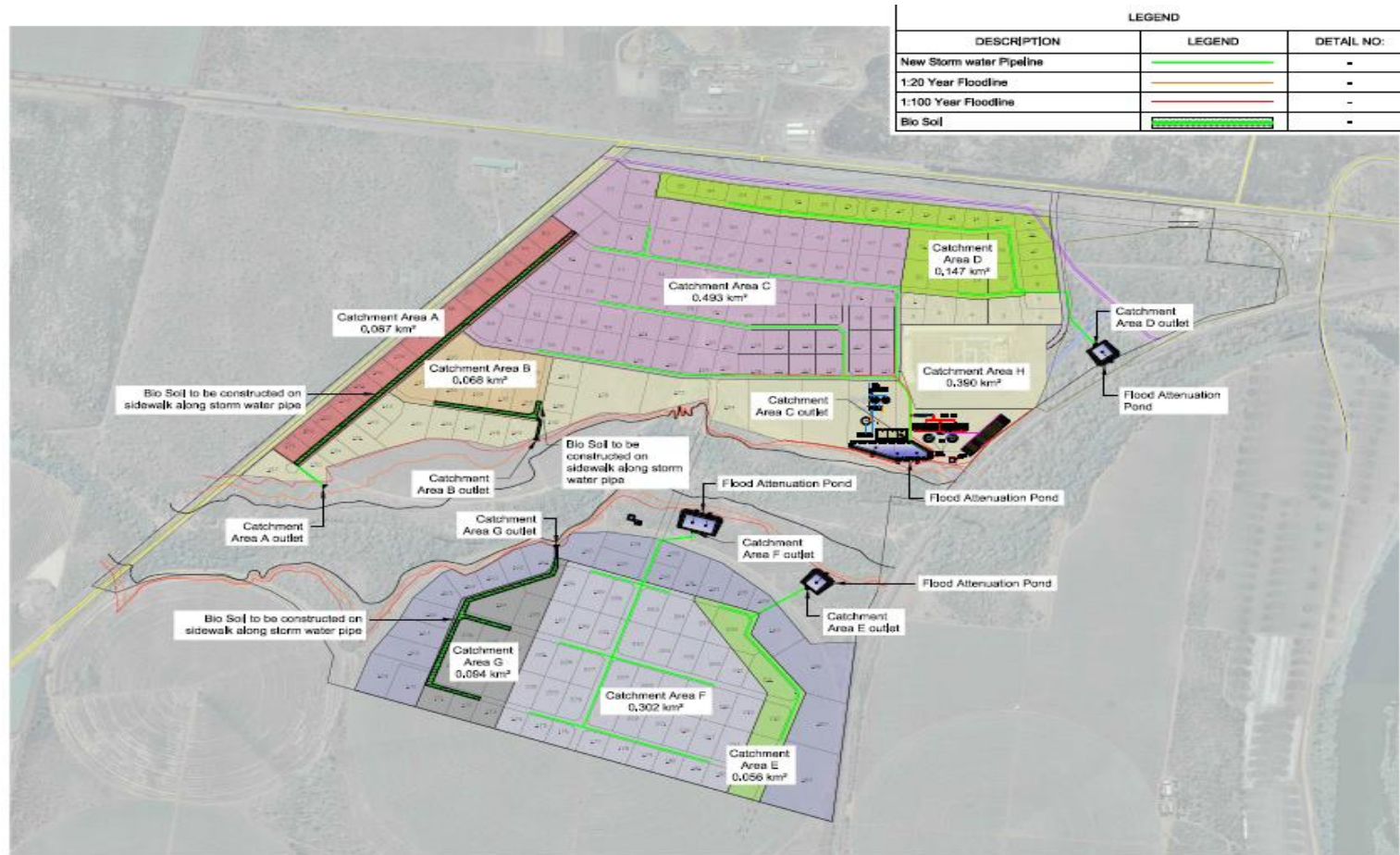


Bulk Infrastructure: Sewerage reticulation





Bulk Infrastructure: Storm water Management





Bulk Infrastructure: Electricity



Green Infrastructure- renewable energy from solar and biomass





Investment Pipeline

Investment Pipeline- Post Designation

Investor Number	Sector	Est. Value of Investment	Number of Direct Jobs
1.	Agro-processing	R250 million	1500
2.	Agro-processing	R100 million	180
3.	Agro-processing	R100 million	120
4.	Agro-processing	R1 billion	15 000
5.	Green energy	R280 million	600
6.	Green energy	R220 million	50
7.	Green energy	R8 Billion	500
8.	Logistics	R363 million	1000
Total Value		R9, 1 313 billion	18 950



Establishment of SEZ Entity

Establishment of SEZ Entity

<i>Key Focus Area</i>	<i>Progress to date</i>
Establishment of the SEZ Entity	<ul style="list-style-type: none">• The Interim Board finalised the (MOI) Memorandum of Incorporation• The Office of the Auditor General has been appointed as auditors by the SEZ Interim Board.• SEZ Entity Registered as a SOC• Process of listing (PFMA) has commenced
Appointment of Board Members	<ul style="list-style-type: none">• Three (3) Interim Board members have been appointed to register the SEZ Entity as State-Owned Company.• The process to appoint the full Board has already commenced.



Development of SEZ Strategy

Development of SEZ Strategy

Appointment of Service Provider finalised and work did commence during December 2020.

The strategy would concentrate on the following intervention areas:

- ✓ Investment (Structuring/Entrepreneurs)
- ✓ Marketing and Business Development
- ✓ Innovation and Partnerships
- ✓ Primary Agricultural Development
- ✓ Human Capital Development
- ✓ Infrastructure (Water, Energy and Logistics)

The Service Provider will also develop a Corporate Plan for the SEZ Entity.

Issues that requires attention

Key Focus Area	Issue that requires attention
Land Preparation	Conclusion of WULA Process
Access to the SEZ site	The resolvment of the EIA /SANRAL conditions is taking longer to resolve than expected.
Institutional Arrangements	Finalisation of the appointment of the full board and set up administrative component of the Entity
Ownership Model	Finalising of ownership model as per the new DTIC proposal (New SEZ Strategic Framework) now requires urgent attention
Funding	Provincial Government must make a dedicated allocation from Equitable Share to fund SEZ Programme .



Thank You