

NKOMAZI SPECIAL ECONOMIC ZONE PROGRAMME

Presentation to Select Committee

Agro-Processing



Nutraceutical Production



Logistics for Export



26 March 2025





CONTENT

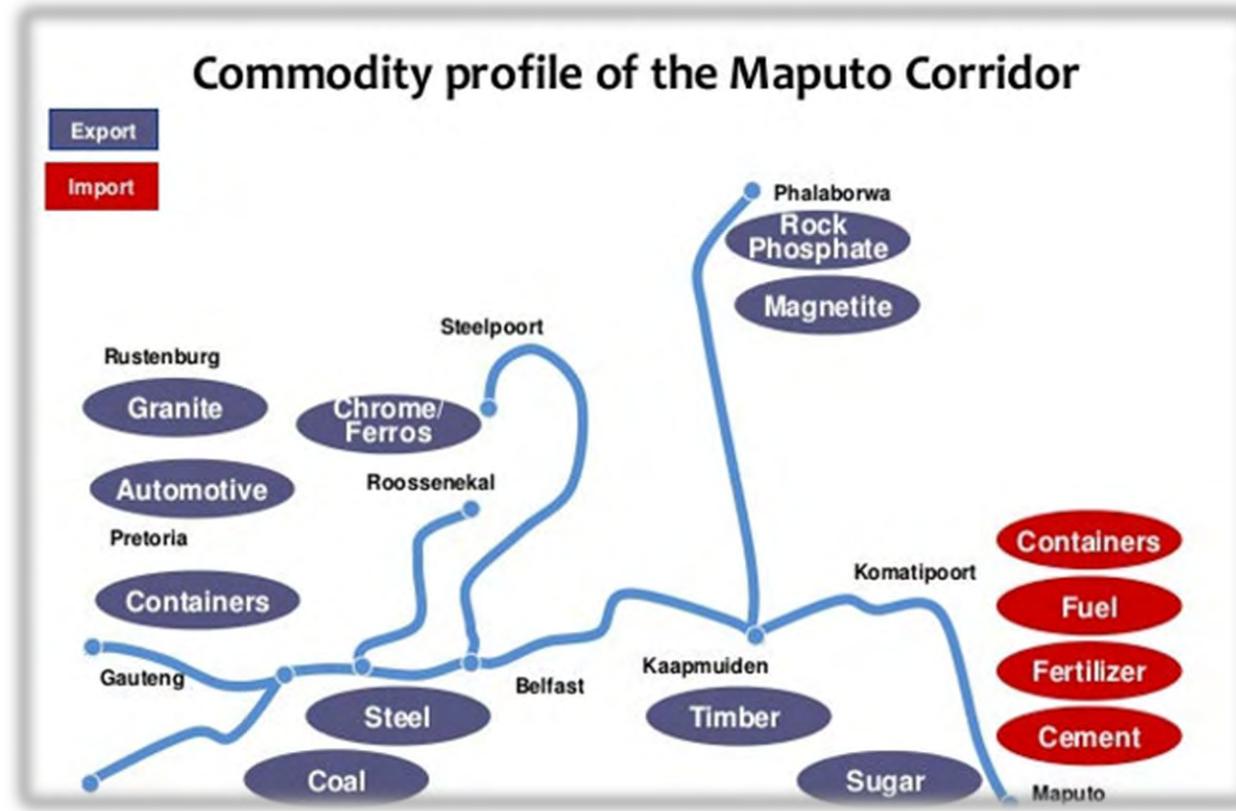


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Nkomazi SEZ Value Proposition

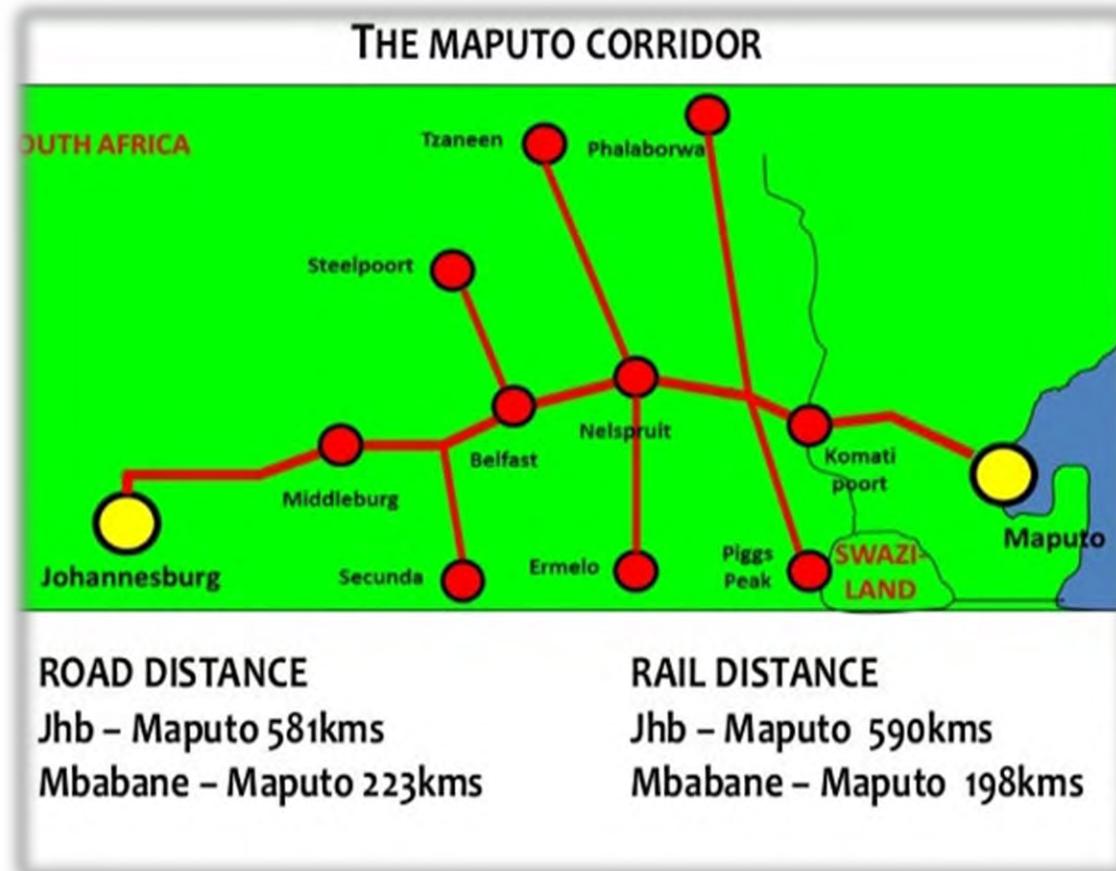
The Nkomazi SEZ is pivotal to **export of commodities** not only from Mpumalanga Province but also from the Limpopo and Gauteng provinces of South Africa through Maputo port;





Nkomazi SEZ Value Proposition

- **Strategically positioned** in the border town of Komatipoort, directly south of the N4 (national road), 5 km from the Lebombo Border Post (between SA & Mozambique) and 73 km to Mananga Border Post, (between SA and Eswatini);
- The SEZ has unique strengths and advantages due to its **proximity to the Maputo Corridor** connecting to the Port of Maputo. It provides exporters with easy access, through Maputo Port, to the export markets of South East Africa, the Indian Ocean Rim and Far East Asia;





Nkomazi SEZ Value Proposition

- An attractive investment destination, designed to be a **multi-sectorial industrial zone** focusing on agro-processing/manufacturing; production of nutraceuticals and also serve as Logistics Hub. It offers a unique opportunity to reduce the costs of freight by creating an inland port that can handle cargo containers and bulk material transport through the transshipment of road cargo to rail (intermodal) then Maputo port, thereby reducing the truck congestion on the roads.
- **Provides responsive infrastructure** that follow, in the main, a **green infrastructure theme** to support businesses operating into the zone. This includes the access to a source of alternative energy, i.e. the natural gas of the Mozambican coast since the gas-pipeline from Maputo to SASOL (Secunda) passes through the zone.



Nkomazi SEZ Value Proposition

- The Nkomazi SEZ is set to provide **One-Stop-Shop services**, incentives, an innovative platform, a competitive and transparent market environment and timeous and efficient responses to investors' market requirements.
- **Investment packages will be tailored to suit individual demand**, supported by private equity funding solutions aimed at supporting the creation of black industrialists, as well as incubation of new business initiatives within the SEZ programme.



IMPLEMENTATION OF THE NKOMAZI SEZ PROGRAMME

Progress to date



Agro-processing

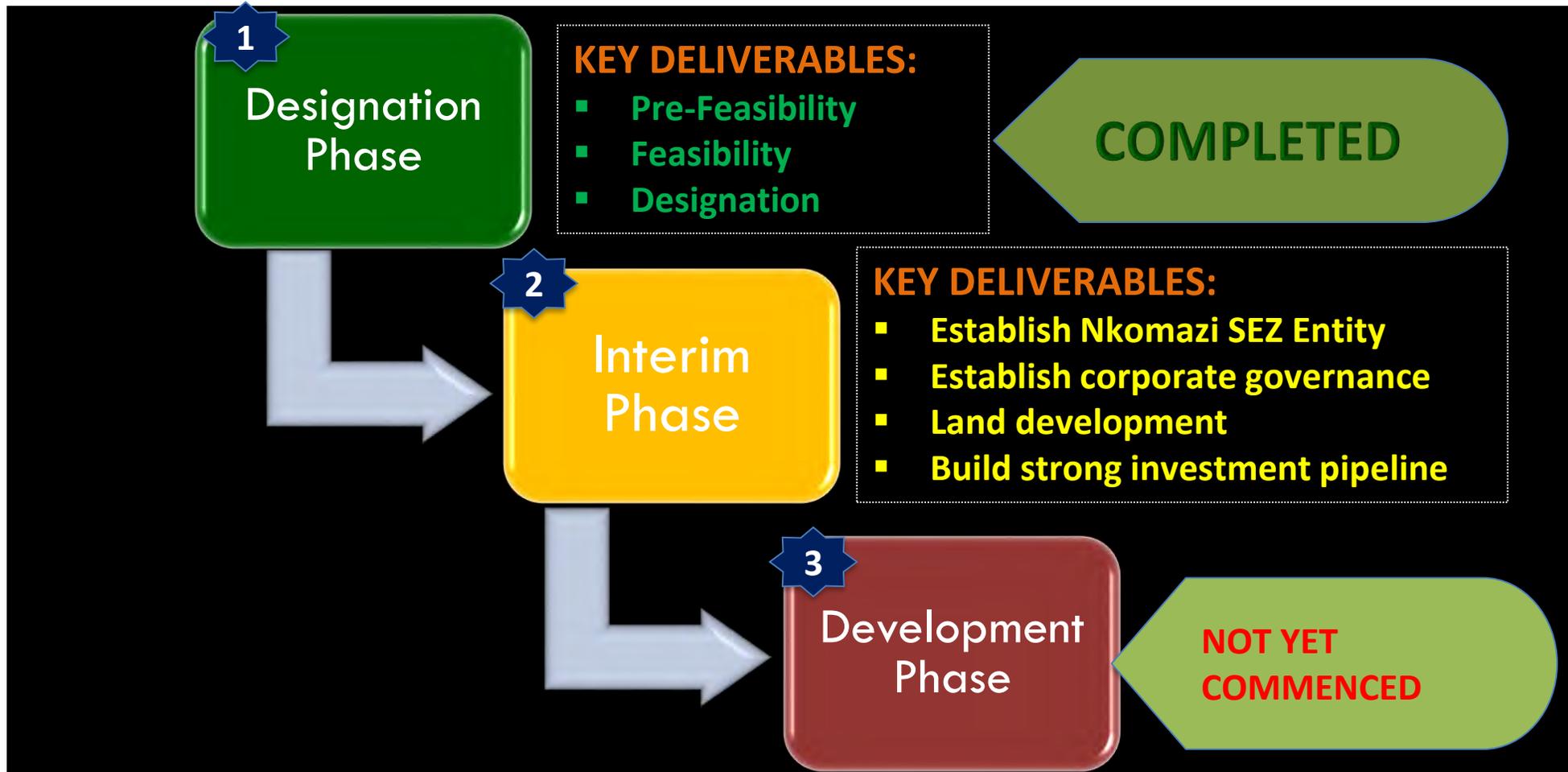
Nutraceuticals

Bulk & Industrial

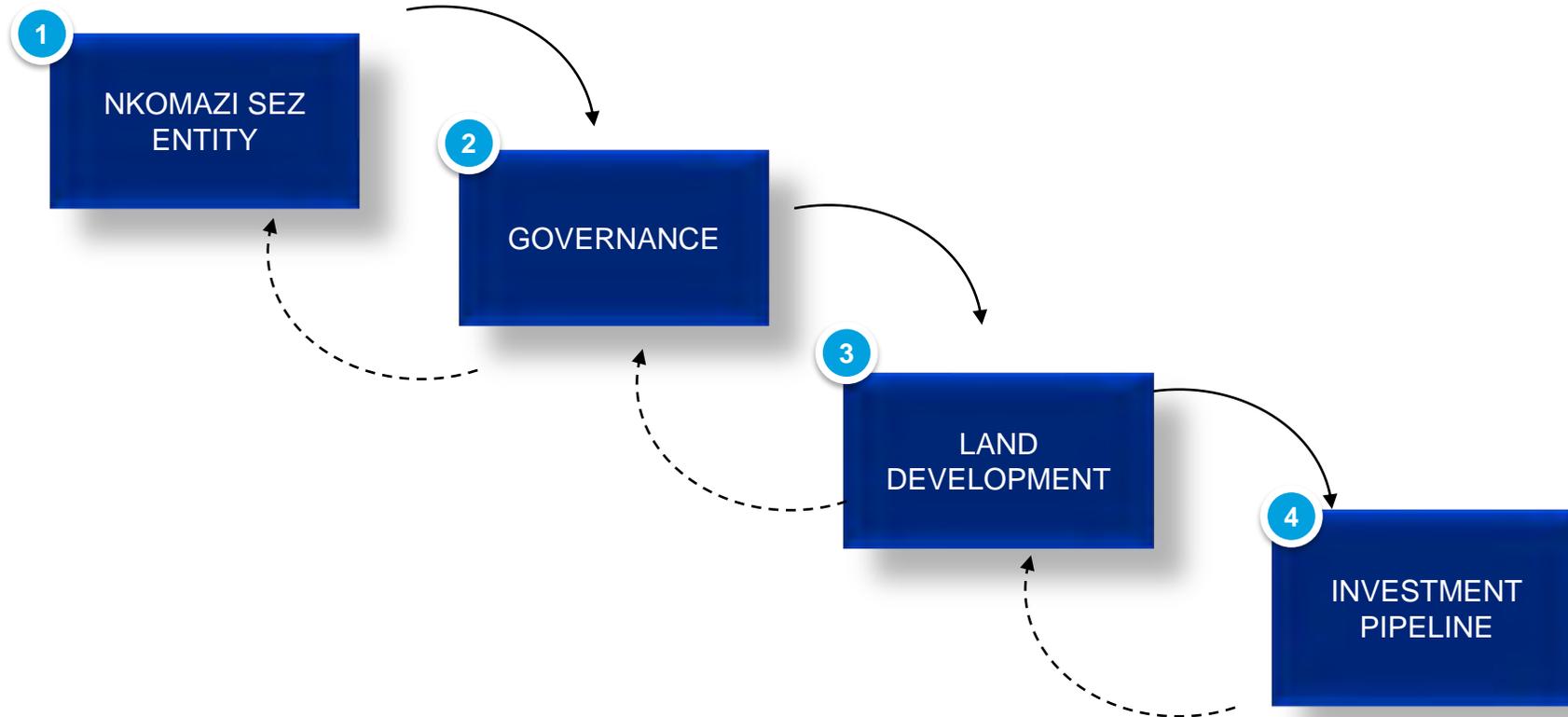


...from natural endowment to abundance

NSEZ Implementation Approach



NSEZ Interim Phase: *Progress to date (1)*





Nkomazi SEZ Entity

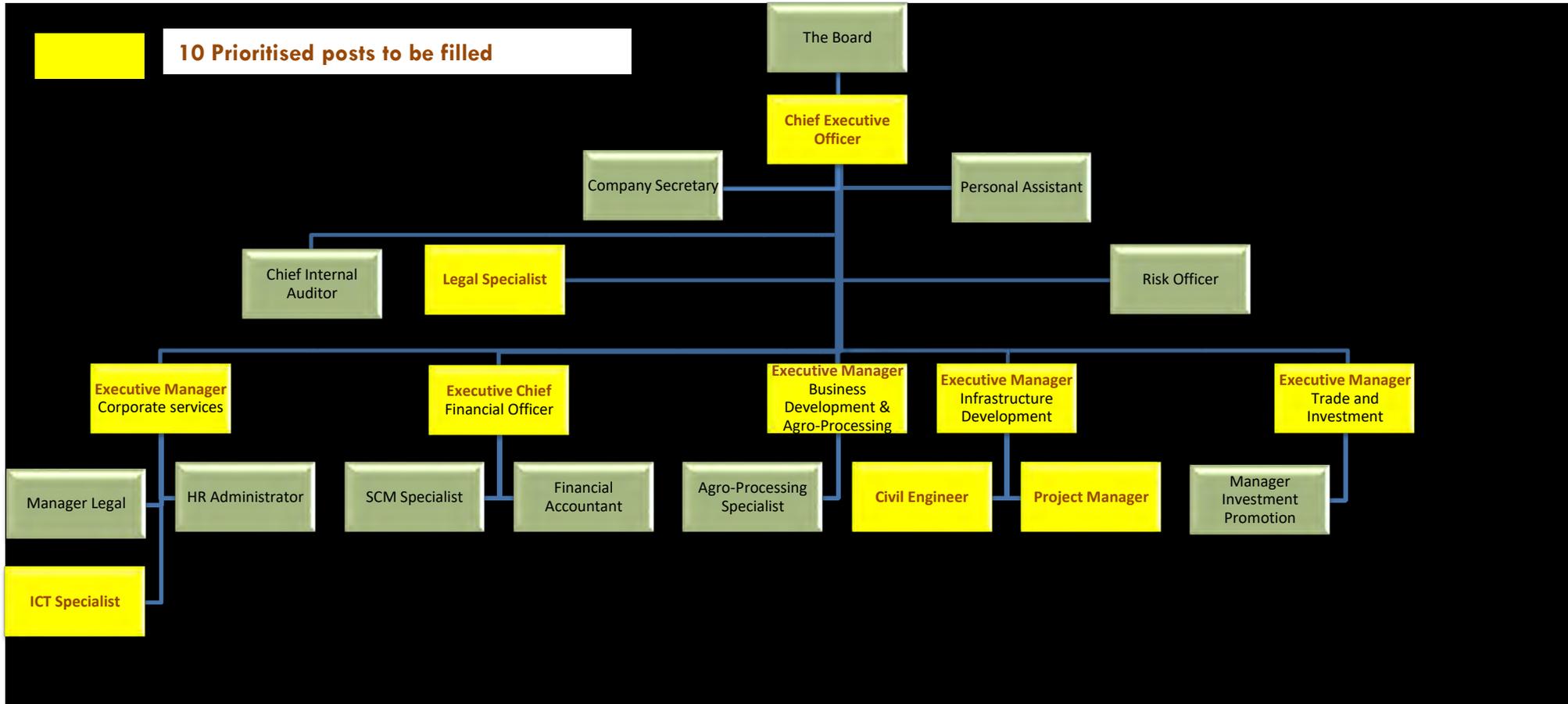
- Nkomazi SEZ Entity registered as '*Mpumalanga Nkomazi SEZ SOC, Ltd*' (Company No. : 2019/449561/30) **in 2021**;
- Nkomazi SEZ Entity not listed with National Treasury as yet.



Corporate Governance

- NSEZ Entity Board appointed and Acting CEO also seconded in Nov 2024;
- 2020-2025 Five-Year Strategic Plan and 2024/5 Annual Performance Plan in place, however, working with ISA to bring the Business Plan into bankability level, work to be completed around May/June 2025
- **Organisational Structure, Job profiles and Job grading** for 20 posts in place;
- Process to fill nine (9) **critical positions** in 2024/25 financial year already underway

Organisational Structure



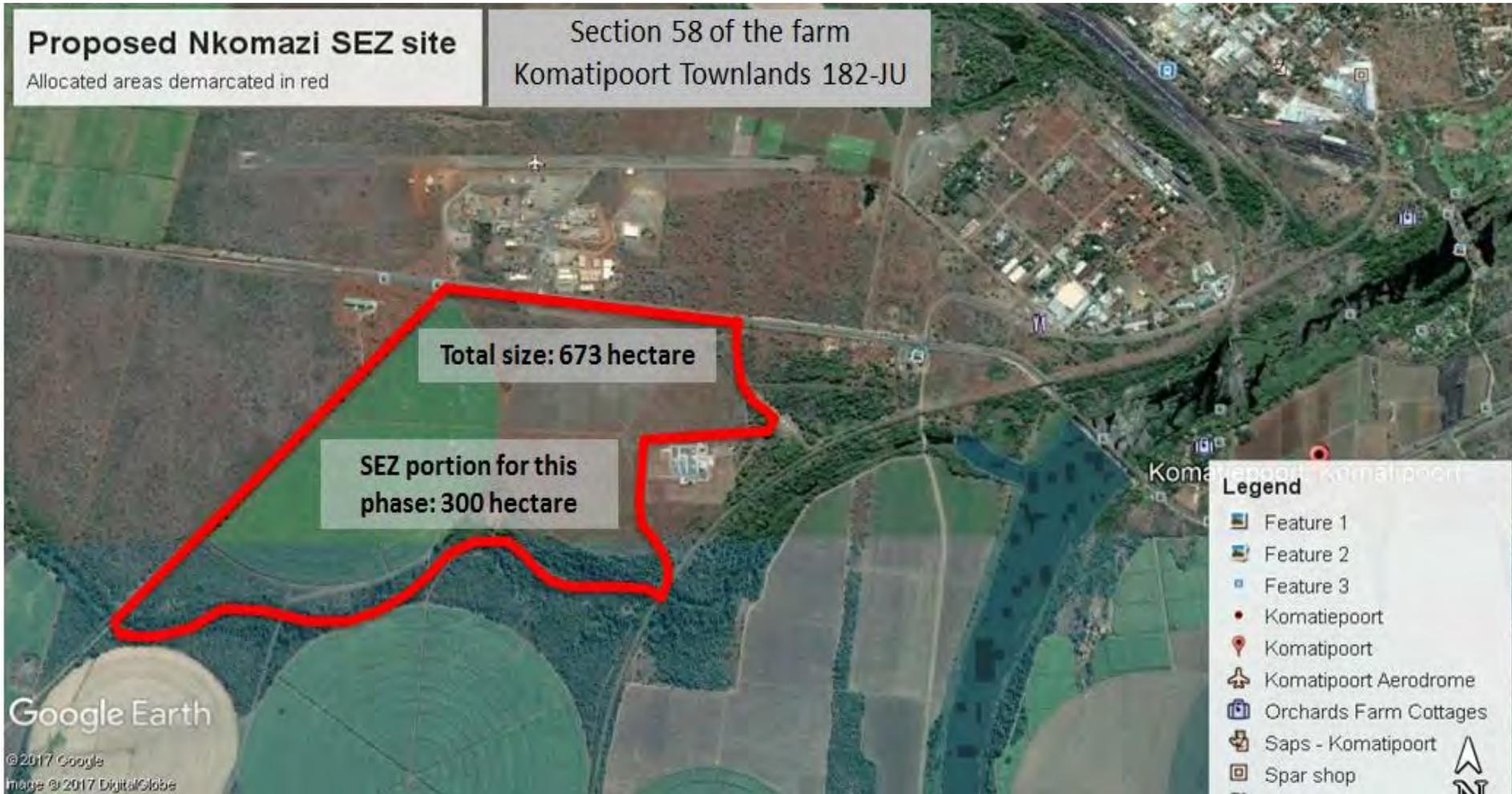


LAND DEVELOPMENT

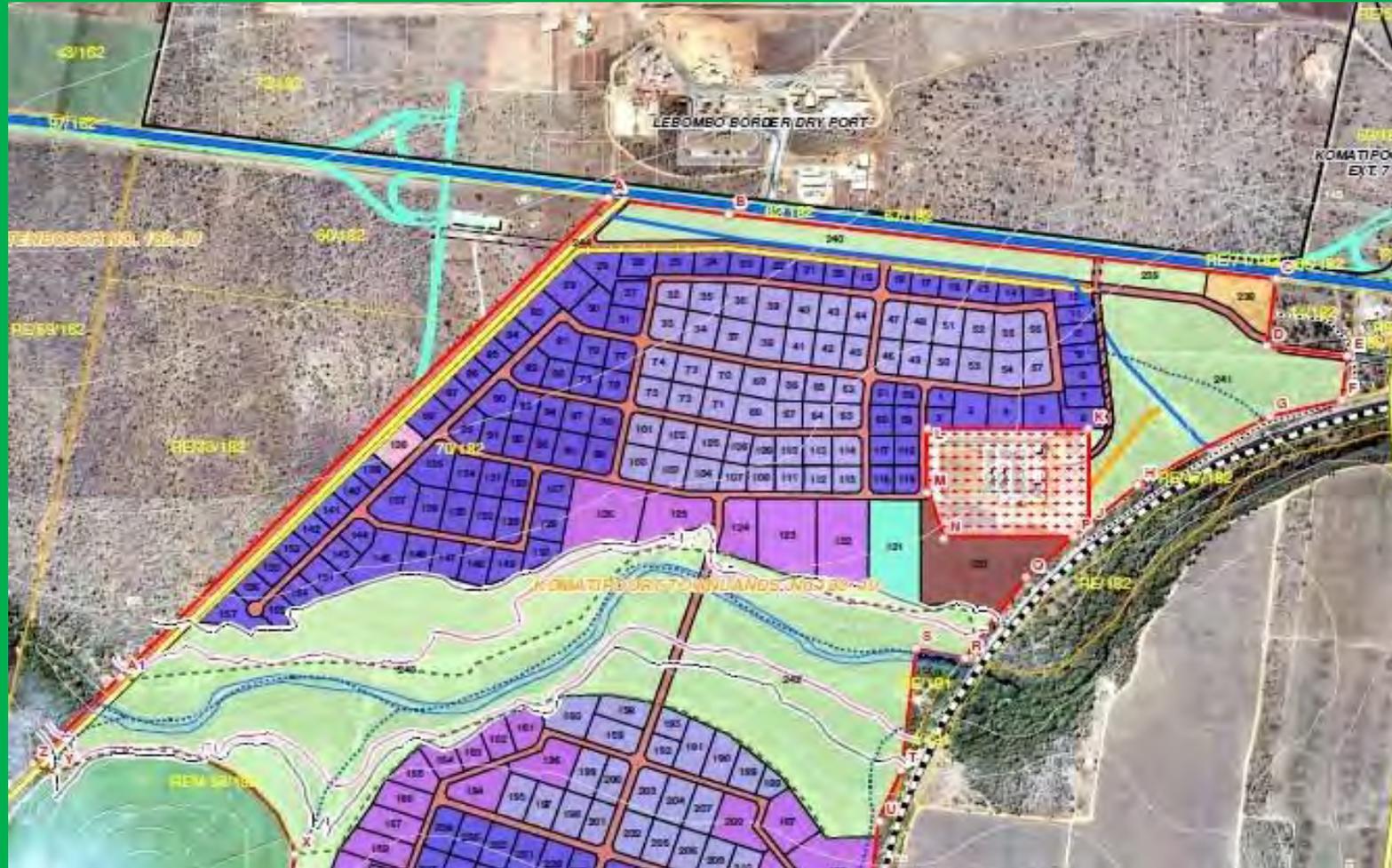
Komatipoort Town



LAND DEVELOPMENT



Approved SEZ Layout Plan





Land Development

- NSEZ Entity entered into a fifty-year (50) Land Lease Agreement with Nkomazi municipality and already registered with the Deeds Office;
- The designated site of the Zone has obtained an Environmental Authorisation (EA) and Water Use License (WULA);
- Parameter/barrier clearvu fence already installed for ± 300 ha (Phase 1);
- Township establishment almost complete;
- Preliminary designs in place and professionals already procured to conduct detailed engineering designs – expect to complete work around July 2025



Status on Professional Work

- Engineering professionals already appointment in January 2025 at a cost of approximately R56 million.
- Detailed engineering designs for bulk water, sewerage, roads and storm water as well all internal services to be finalised in September 2025.
- Installation of required bulk infrastructure and reticulation of internal services projected to take 18 months, that is, to be completed in March 2027.
- Investors anticipated to start occupying sites in Phase 1 from April 2027 onward.



Status on Professional Work

- The professional engineers will develop the detailed designs and required engineering drawings for the development of the BOQ (Bill of Quantities)
- These BOQ are critical for the development of the required tenders for the appointment of contractors for the installation of the bulk and internal services once the required funding for **physical infrastructure development** has been secured.
- For the required physical infrastructure development, the Department is working together with Infrastructure South Africa (ISA) to secure funding from national treasury through the **Budget Facility for Infrastructure (BFI)** reform initiative

Investment Pipeline

- 14 Investors registered interests

- Total investment value approximately R 50 billion

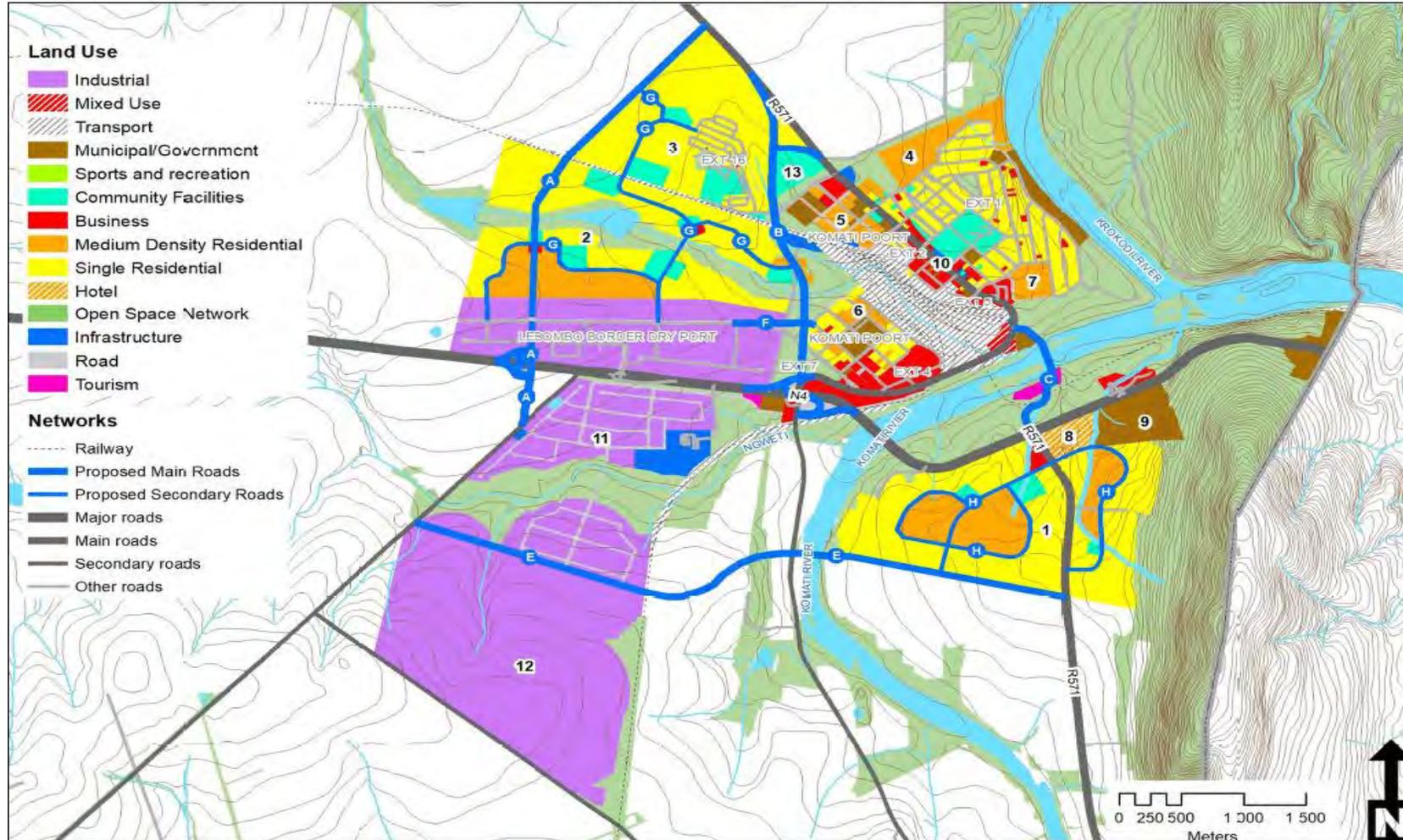
Number of jobs projected: 45 000
(Considered entire value chains)

- 9 x Agro-processing
- 4 x Green energy
- 1 x Logistics

Potential investors almost ready to locate into the zone

No:	Investor	Area of Investment	Est. Value of Investment (R)	Estimated No. of Jobs	
1	DP World	Logistics	R363 m	1000	July/Aug 2025
2	Vutomi Energy	Green Energy	R8 b	500	2027
3	Lebombo Cotton Gin	Agro-processing	R 600m	500	
4	Quarto-Canna	Agro-processing	R 1,2 b	1 000	
TOTAL			R 10, 160 b	3 000	

FIGURE 4-12: DRAFT PRECINCT PLAN



2025/28 MTEF BUDGET FOR NSEZ

	2025/26 R	2026/27 R	2027/28 R
	'000	'000	'000
Budget allocation	55,451	50,439	52,709
Compensation of Employees	14,833	15,159	15,668
Goods & services	2,860	3,000	3,153
Capital Goods- SEZ Entity	3,400	2,400	1,400
Securing of office space	3,200	0	0
SEZ Site Clearing	4,126	0	0
Consulting & professional services (Existing appointments)	29,500	20,650	0
Other Consultants (Professional Work)	8,000	8,400	8,800
Physical Infrastructure Development of SEZ Site (Bulk services & Phase 1)	0	1,400,000	1,200,000
TOTAL ESTIMATED BUDGET	65,919	1,431,450	1,229,021
Additional budget required	-10,468	-1,381,011	-1,176,312

Short-fall





Funding for Infrastructure development

- Achieved
- in progress
- Not achieved

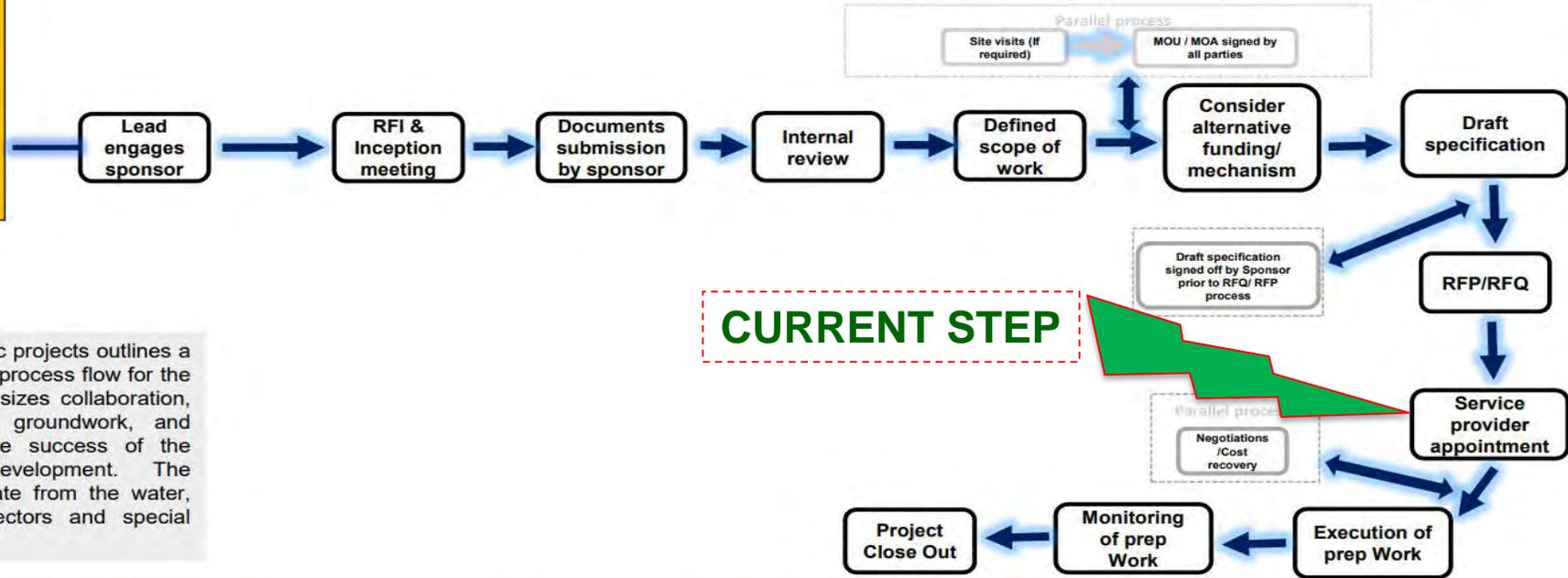
KEY FOCUS AREA	KEY ACTIVITIES		PROGRESS TO DATE
FUNDING FOR INFRASTRUCTURE DEVELOPMENT	Nkomazi SEZ Entity to apply for the Budget Facility for Infrastructure (BFI) at national Treasury for the installation of bulk infrastructure to support the development of the NSEZ		NSEZ Entity is already working with Infrastructure South Africa (ISA) in the Presidency to develop a Bankable Business Plan of the NSEZ Entity project since this will place the Entity in a better position to access funding from the BFI and other funding sources.



PROJECT PREPARATION ROAD MAP / APPROACH

Nkomazi Special Economic Zone (SEZ)

The roadmap for economic projects outlines a sequential analysis of the process flow for the top 12 projects. It emphasizes collaboration, documentation, scoping, groundwork, and monitoring to ensure the success of the project preparation development. The economic projects emanate from the water, energy, transportation sectors and special economic zones.





2025/26 PRIORITIES

KEY FOCUS AREAS	KEY ACTIVITIES	Timelines			
		Q1	Q2	Q3	Q4
Governance	Capacitating the Nkomazi SEZ Entity: <ul style="list-style-type: none"> Filling of all posts Developing and approving policies, setting up operating systems and procedures 				
Township Establishment	Nkomazi SEZ Entity to finalise the process of Township Establishment for both the designated and DP World sites				
Detailed engineering designs	Develop and finalise the detailed engineering designs, BOQs and Infrastructure Development Master Plan				
Funding for Infrastructure development	Nkomazi SEZ Entity to apply for funding from the Budget Facility for Infrastructure (BFI) at national Treasury for the installation of bulk infrastructure to support development of the SEZ				
Lease Agreements	Nkomazi SEZ Entity to conclude Long-Term Lease Agreements with DP World				
	Nkomazi SEZ Entity to conclude Long-Term Lease Agreements with Vutomi Energy				





KEY RISKS & MITIGATION

OUTCOME	KEY RISK	MITIGATION ACTIVITIES
<p>Inclusive, diversified, and a growing agro-processing sector</p>	<p>NSEZ Entity not fully capacitated and this derail the roll out of the NSEZ implementation of plan.</p>	<p>Appointment of the SEZ Board and the establishment of functional SEZ organisation (filling of vacant posts)</p>
	<p>Slow pace of installing the bulk infrastructure to accommodate potential investors</p>	<p>Need to crowd in private capital investment to augment public financial resources earmarked for infrastructure development</p>
	<p>Inability to support SMME's to participate in NSEZ agro processing value chain on a commercial basis</p>	<p>Develop a well resourced and integrated support plan for SMME's and small holder farmers.</p>
	<p>Lack of water for irrigation expansion to support mass agricultural production.</p>	<p>Construction of Mountain View Dam and roll out of efficient irrigation systems.</p>
	<p>Non alignment of trade policies with neighbouring countries (e.g. Eswatini and Mozambique) hampers free flow of agricultural produce across borders.</p>	<p>Engage Dtic and DALRRD to review and align existing trade policies.</p>
	<p>Geopolitical conflicts have negative impact on global supply chains and access to potential international markets</p>	<p>Utilise TRADE-DSM (Decision Support Model), to provide more scientific way to determine those products and destination countries on which the SEZ Entity should focus (use e-commerce platforms)</p>



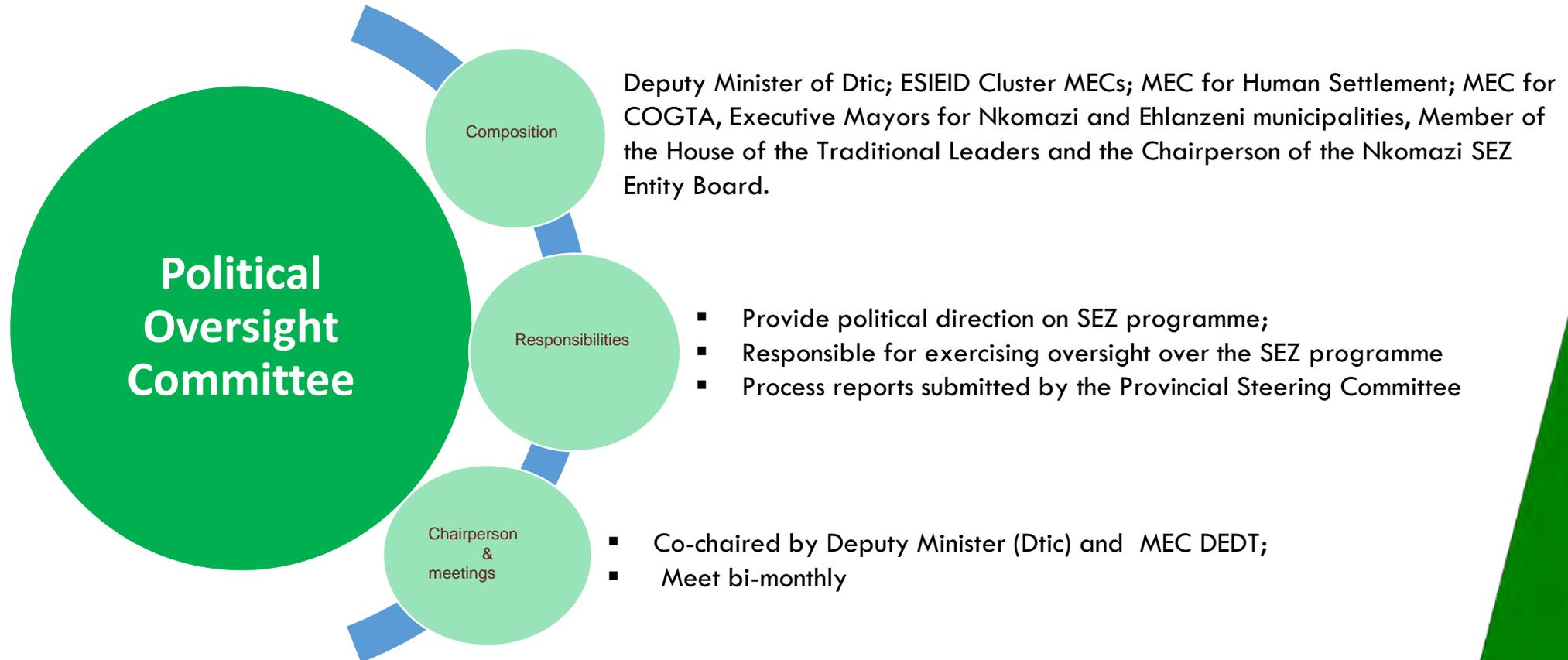


NSEZ Implementation Framework

In order to ensure successful and effective implementation of the NSEZ Programme, the MEC for DEDT, in conjunction with other departments, Dtic, MEGA, Ehlanzeni and Nkomazi municipalities, including traditional leadership, have agreed on the following institutional arrangements, roles and responsibilities:

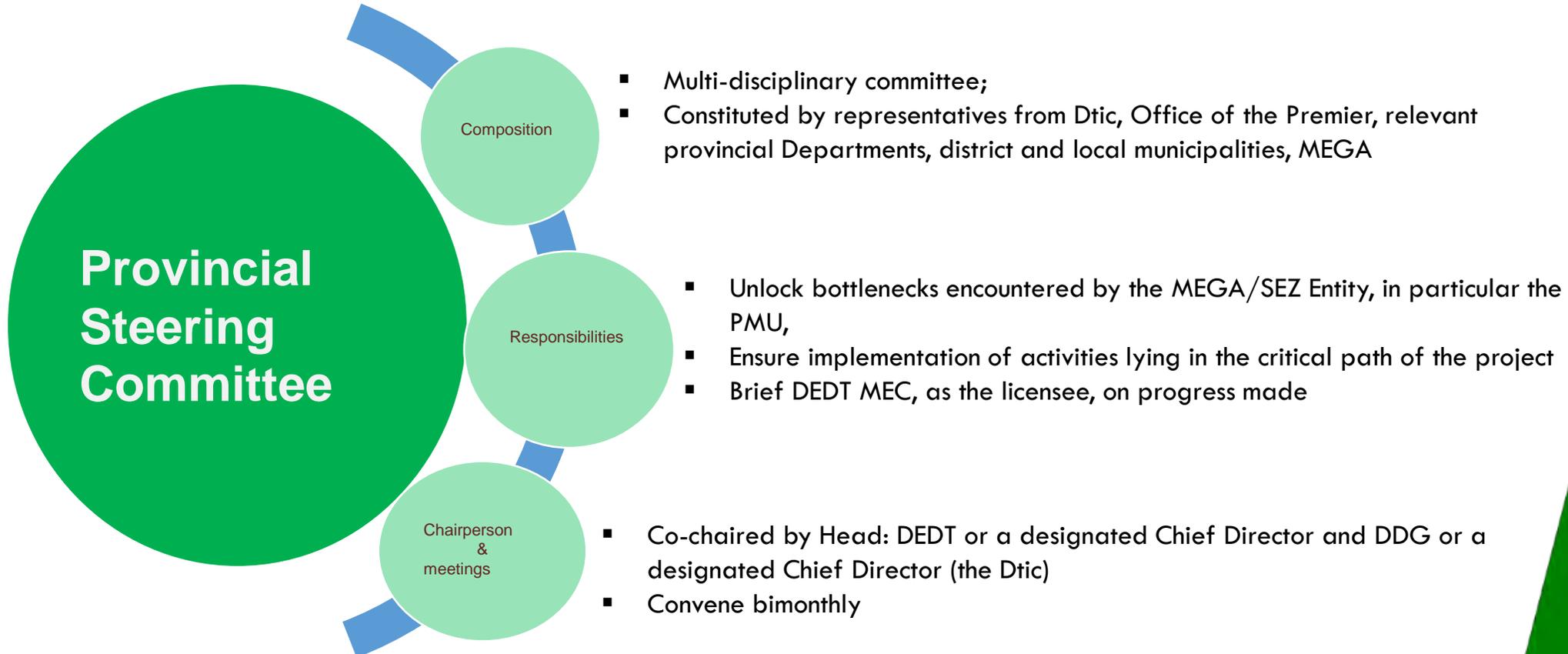
NSEZ Implementation Framework:

Institutional Arrangements



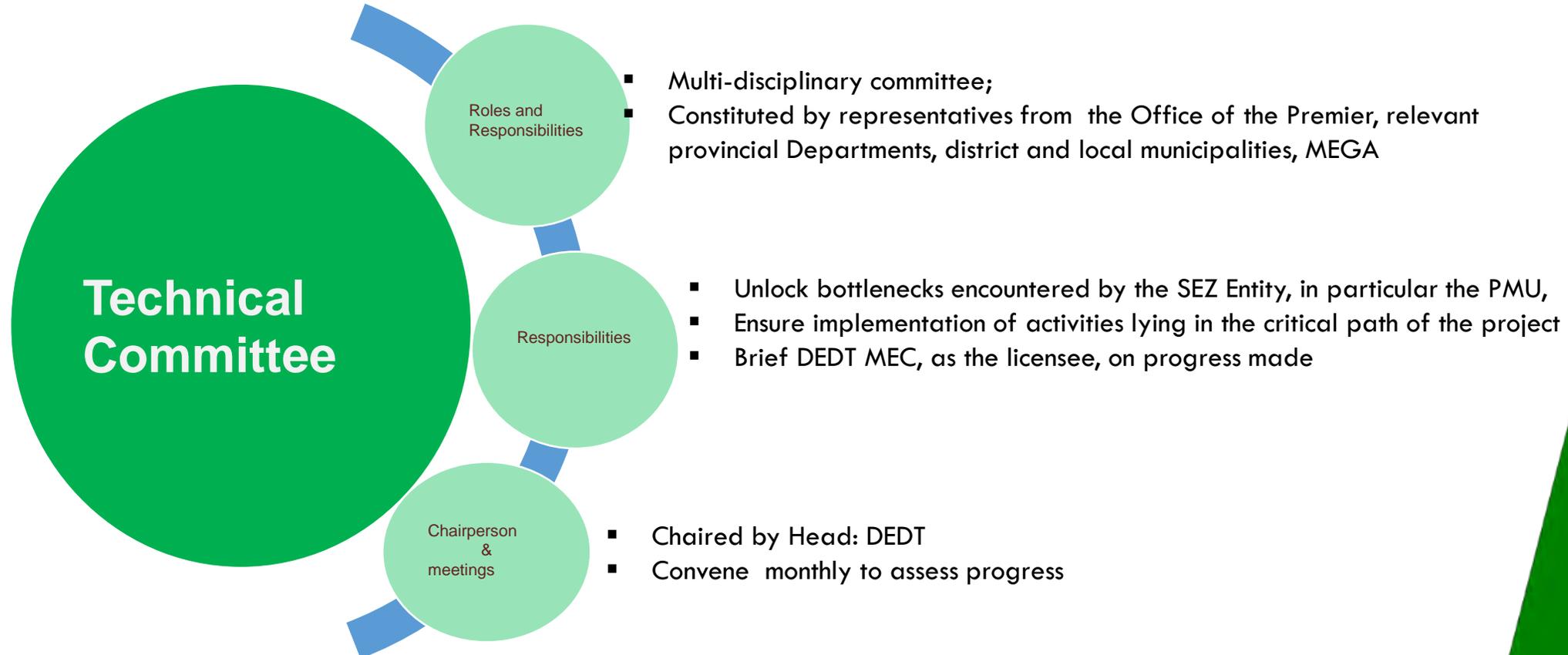
NSEZ Implementation Framework:

Institutional Arrangements



NSEZ Implementation Framework:

Institutional Arrangements





STAKEHOLDER ENGAGEMENT PROGRAMME

- The NSEZ Entity Board will be engaging various stakeholders relevant to the development and operations of the NSEZ. This will cover four categories, namely, Political Leadership; Traditional Leaders; Business and communities:
- The table below depicts the first category: Political Leadership

Date	Stakeholders	Purpose	Responsibility
01 April 2025	<ul style="list-style-type: none"> ○ Nkomazi Local Municipality leadership ○ Ehlanzeni District Municipality 	To apprise the leadership of both municipalities about the status on the implementation of the Nkomazi SEZ Programme and deepen their roles and responsibilities in the SEZ Programme	MEC for DEDT and Nkomazi SEZ Entity Board Chairperson



KEY CHALLENGES

- Inadequate Budget for Bulk Infrastructure despite securing funding from BFI (national Treasury);
- Inadequate budget from Nkomazi Local Municipality to cater for Bulk Infrastructure development of the NSEZ precinct (*i.e. the impact of the NSEZ on, inter alia, additional needs such as housing, school facilities, health facilities, and economic infrastructure for light industries, etc*)



RECOMMENDATIONS

It is recommended that:

1. The Select Committee notes the Nkomazi SEZ progress report.
2. Assist the NSEZ Entity in mobilising additional funding to supplement its current financial resources.



THANK YOU