

THE SELECT COMMITTEE ON ECONOMIC DEVELOPMENT & TRADE

**BRIEFING BY THE DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION; THE MPUMALANGA
PROVINCIAL DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM; THE MPUMALANGA
DEVELOPMENT CORPORATION; AND THE NKOMAZI SPECIAL ECONOMIC ZONE**

REGARDING THE DELAYS IN THE SEZ

26 MARCH 2025



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

the dtic - together, **growing the economy**

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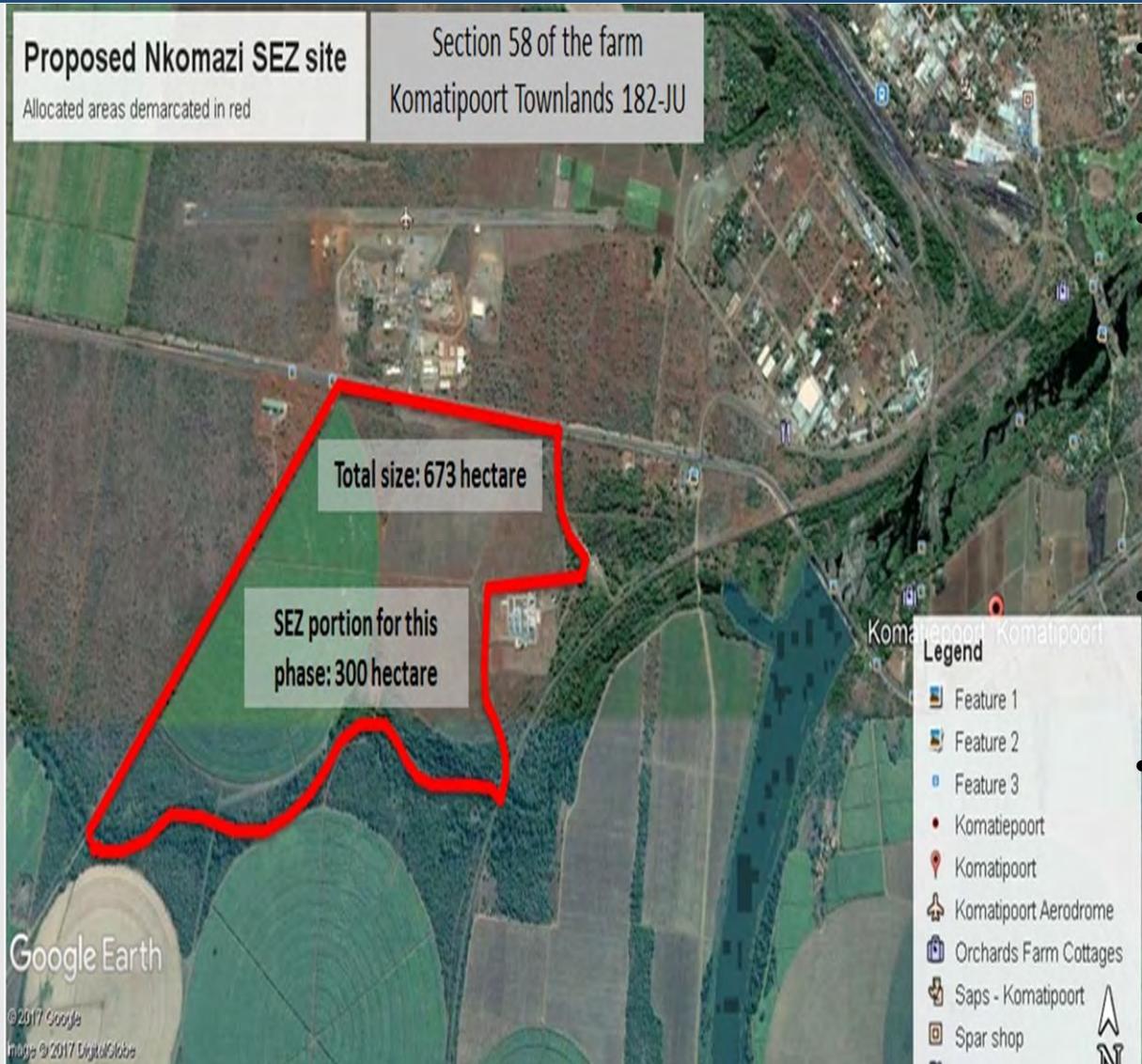
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- Industrial Zones Programme (IZP) Support in Nkomazi SEZ



BACKGROUND



Nkomazi Special Economic Zone was designated in 2019 in terms of Special Economic Zone Act No. 16 of 2014.

The Special Economic Zone (SEZ) is located in the Mpumalanga province close to the borders of Eswatini and Mozambique and serves as a gateway for enhanced trade relations between the two countries in line with the Africa Trade Agreement.

Targeted sectors include agro-processing, logistics, and manufacturing.

The SEZ is supported by **the dtic** from a policy and monitoring perspective and the Provincial government is responsible for governance and operational oversight. Funding for the operations of the SEZ and its bulk infrastructure are supported by the Province whilst **the dtic** has the SEZ Fund available for top structure funding

ROLES & RESPONSIBILITIES

National Government

- Policy development and legislative approval.
- Representation on the SEZ Board.
- Provide support for Top Structure funding based on investor requirement and applications made
- Deployment of IZDP to strengthen technical capacity of the Nkomazi SEZ.

Provincial Government

- Owner of SEZ Entity and responsible for governance of the entity.
- Support with all required Provincial land permissions, zoning, provincial bulk infrastructure.
- Appointment and resource allocation of the SEZ Entity/Operator.

Local Government

- Representation on the SEZ Board.
- Provision of the land portions and boundaries for SEZ development.
- Support with all required land permissions, zoning, *inter alia* -
 - (a) assistance with the approval of bulk services;
 - (b) spatial planning and supporting services required;
 - (c) assist with Precinct Plan development and management;
 - (d) assistance with Township Establishment/Re-zoning.

PROGRESS

- The Nkomazi SEZ Entity was registered as **‘Mpumalanga Nkomazi SEZ SOC, Ltd’** (Company No. : 2019/449561/30) in 2021.
- The Nkomazi municipality provided land through a 50 years Lease Agreement to the SEZ.
- The Mpumalanga Provincial Government has provided R 40 million, through a special allocation to the SEZ. The funding is utilised for the operations of the entity, and for the development of detailed engineering designs for bulk services.
- There has been no disbursements for infrastructure by **the dtic** to the SEZ entity, however, support for top structures will be made on an investor basis and on receipt of applications from the SEZ.
- Nkomazi SEZ concluded a Services Agreement with the Nkomazi Local Municipality. The SEZ will build and install essential bulk services, such as the water and sewage treatment plant, and cede-services to the Local Municipality to operate.
- the dtic has deployed the IZP to provide technical support to the SEZ with the aim of getting accelerating the operationalization of the SEZ.

DELAYS AND INTERVENTIONS

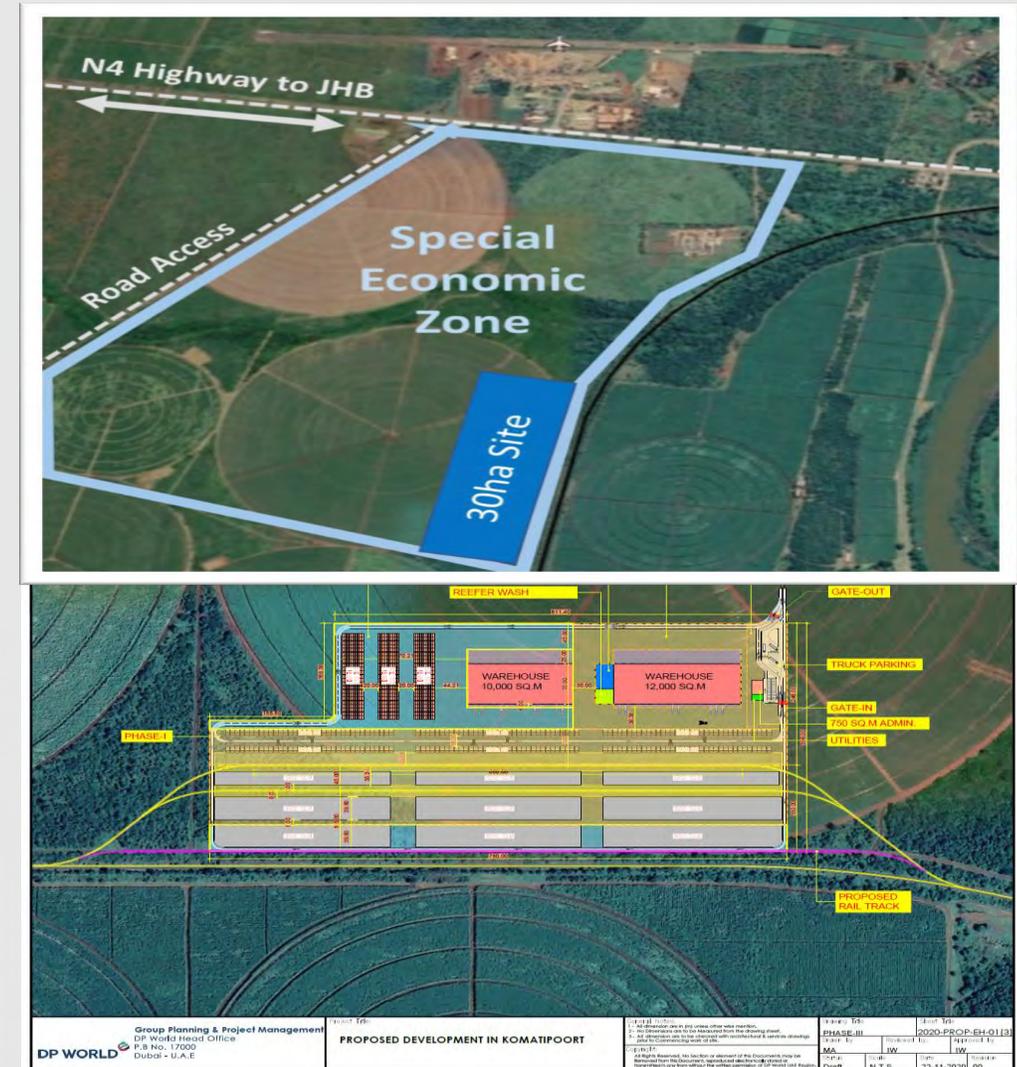
Challenges	Interventions
Lack of coordinated planning arrangements across local, provincial, and national government	The MEC for DEDT, in conjunction with other departments, the dtic , MEGA, Ehlanzeni and Nkomazi municipalities, including traditional leadership, have agreed to follow institutional arrangements adopted from the dtic 's tripartite agreement.
Lack of Governance and Human Resource Capacity for SEZ Entity	the dtic have nominated a senior manager to serve on the board of the entity and have also instructed the Industrial Zone Programme to assist the entity with a Technical Advisor.
Lack of Technical Capacity for Infrastructure Development	Lobbied Infrastructure South Africa (ISA) to support SEZ entity to develop a Bankable Business Plan for Infrastructure Funding which will enable the entity of the SEZ project to access funding from the BFI and other funding sources.
Lack of qualified Investors - Investor Attraction	Through the IZP, a heads of agreements with major investor, DP World, have been signed. Vutomi Energy, an energy generation company, has been secured and is ready for establishment on completion of township registration.

NKOMAZI SEZ INVESTMENT PIPELINE

Investor	Sector	Details
DP World	Logistics	Heads of Terms agreement concluded ahead of the final Lease agreement. DP World has indicated the intention to invest R450 million in the SEZ it is anticipated that 1,000 jobs opportunities will be created.
Vutomi Energy	Energy	To invest R8 billion on a Gas-to-Power Plant
Quattro-Cana	Agro Processing	To invest R1,8 billion in hemp processing incorporating the value chain. Quattro-Canna will manufacture and distribute Hemp and provide training and distribution support to Hemp farmers.
Cotton SA	Agro-Processing	To invest R150 million for cotton processing

NKOMAZI SEZ INVESTMENT PIPELINE

- DP World has confirmed its R450 million investment into the Nkomazi SEZ.
- The Investment will unlock exports in agro-processing (commercial and small holder farmers), bulk minerals and create storage and handling facilities in the SEZ.
- DP World will construct 4 km rail sidings with connection to the main Transnet Freight Rail.
- The investment lays a good foundation for the realisation of the AfCFTA, as the SEZ is located on the borders of Eswatini and Mozambique. This introduces access to East African markets of about 146 million people and to the world through the Port of Maputo. This will further unlock the agricultural potential of the region.



INDUSTRIAL ZONE PROGRAMME SUPPORT

Institutional Capacity and Governance

- Management Planning and Governance technical advisory Services.
- Organizational design
- SEZ Board in place

Land and infrastructure development

- Lease Agreement between the Nkomazi Local Municipality and Nkomazi SEZ has been signed and registered with the Deeds Office.
- SANRAL provincial Public works attained approval for road access into the SEZ.
- Technical support provided for the attainment of water use license, and environmental impact assessment approvals.
- Facilitated confirmation of Provincial Budget for the development of Bulk Infrastructure and Operational Offices.
- Unlocked infrastructure delivery and the provision of technical engineering support resulting in the appointment of consultants for detailed engineering designs.
- Investor facilitation

THANK YOU