

GAUTENG PROVINCIAL GOVERNMENT

IGNITING THE ECONOMY OF THE VAAL REGION

JULY 2022



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REPUBLIC OF SOUTH AFRICA

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GROWING GAUTENG TOGETHER

IGNITING THE ECONOMY OF THE VAAL REGION

1

POLICY & OPPORTUNITY CONTEXT

CHANGING THE ECONOMIC GEOGRAPHY OF THE VAAL:

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THROUGH THE VAAL RIVER SPECIAL ECONOMIC ZONE

3

THROUGH GREEN INDUSTRIALISATION

4

THROUGH THE TOWNSHIP ENTERPRISE ZONE PROGRAMME



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Part 1: Policy & Opportunity Context



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GGT 2030 – TMR TO GGT 2030

- Gauteng Provincial Government continues to facilitate and promote economic growth and development in the province, with a targeted commitment to focus on enhancing inclusivity of the economy, whilst improving its competitiveness. Central to this, is the ability to create an enabling environment for jobs to be created in the province by making interventions in 10 high growth sectors.
- This is the driving force behind the Transformation, Modernization and Re-industrialization programme first outlined under the 5th Gauteng Provincial government, now further elaborated in the GGT2030 plan of action which has been adopted as the guiding vision of the 6th administration.



GGT 2030 – TMR TO GGT 2030

GGT2030 not only sets down specific and bold actions to empower Women; Youth ; SMMEs; Black businesses; It further recognizes that government must aggregate its efforts across spheres as well as with the private and non-profit sectors in pursuit of specific goals, including:

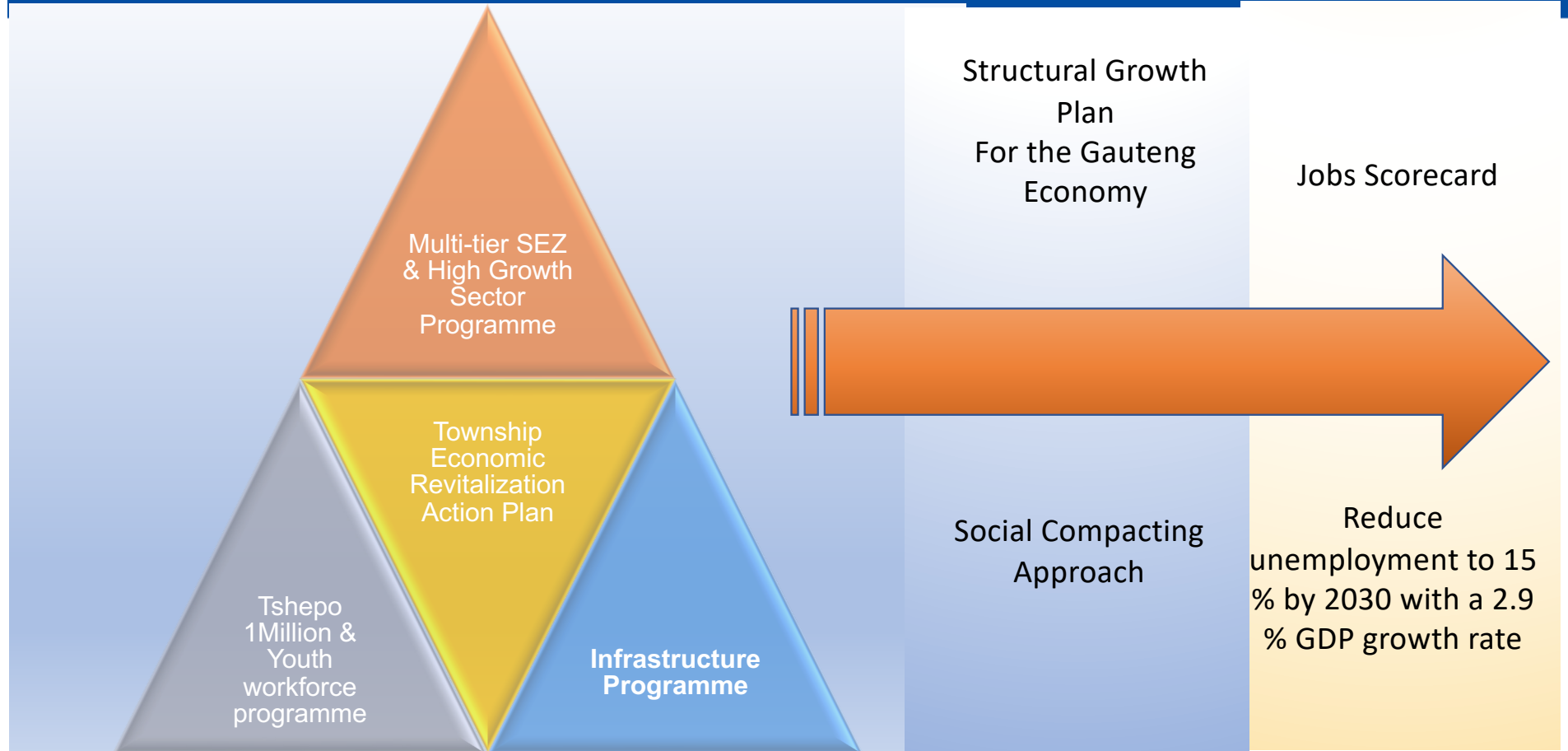
- Driving spatial and economic transformation, particularly with respect to townships.
- Creating employment for the many & facilitating an employment to empowerment pathway for all classes of disadvantaged citizens
- Coordinating industrialization initiatives so they are geared towards products and services required by the 10 high growth sectors and thus are sustainably financeable.

GGT 2030 – PROJECTED IMPACT REMODELLED TO ACCOUNT FOR SHOCKS OF 2020

- Size of the economy is expected to more than double over the next 11 years, from its current size of about R1 trillion to a little above R2 trillion, in 2010 prices
- Unemployment rate will be reduced by almost two-thirds from the 36% (Mild COVID-19 scenario) and 42% (Severe Scenario) in 2020 to 13% by 2030
- Per Capita GDP is expected to increase by 70% in real terms from about R 68, 000 currently to about R 115, 000 in 2030



GGT 2030 – GROWING THE GAUTENG ECONOMY TOGETHER



LINKING TOWNSHIP ECONOMIC DEVELOPMENT TO HIGH GROWTH SECTORS

The economic programme of Gauteng Provincial Government focuses on **10 high-growth sectors**, with an emphasis on the **transversal role of linking investment facilitation to value-chain transformation and SMME empowerment through active enterprise and supplier development, specifically including linkage to clusters of township suppliers, both operating from existing premises and from revitalised township industrial estates.**

- Energy, with a focus on new technologies and a diverse energy mix
- Transportation and logistics
- ICT and digital services with a focus on the gig economy
- Tourism and Hospitality
- Food, Beverages, Agro-processing and agribusiness
- Construction and Infrastructure
- Automotive, Aerospace and Defense
- Financial services
- Cultural and creative services
- Industrial Cannabis

Sectors are being engaged through action labs which also link with the national sector masterplans

GGT 2030 WAR ROOM– FUNCTIONAL DESIGN

OVERARCHING GOVERNANCE

MEC AS POLITICAL CHAMPION – REVIEWS PROGRESS & TROUBLESHOOTS EVERY FORTNIGHT / ENGAGEMENT EXPANDED TO OTHER MECs MONTHLY

HOD REVIEWS PROGRESS & TROUBLESHOOTS WITH EACH TEAM WEEKLY REPORTS IN TO ECON CLUSTER

WORKSTREAMS WORK DIRECTLY WITH PRIVATE SECTOR BODIES INCL. PPGI, BBC, BLSA & INDUSTRY SPECIFIC CLUSTERS

WORKSTREAMS ALSO HAVE WORKING CHANNELS WITH WIDER PUBLIC SECTOR AND IN KEY CASES CONTRACT OR PARTNER WITH ORGANS OF STATE TO IMPLEMENT

ACTION LAB REALISATION TEAM

TOWNSHIP/ INCLUSIVE ECONOMY TEAM

GREEN ECONOMY TEAM

SEZ & INDUSTRIAL PARKS TEAM

SPECIAL PURPOSE VEHICLE / CATALYTIC INFRASTRUCTURE TEAM

TECHNICAL ADVISORY PANEL PROVIDES DIRECT SUPPORT TO CONTENT WORKSTREAMS

CROSS-CUTTING TEAMS WORK ACROSS ALL PROCESSES

SALGA/ DDM LIAISON TEAM (CURRENTLY ALSO ACTS AS SECRETARIAT)

TSHEPO ALIGNMENT / WORKFROCE DEVELOPMENT TEAM



Part 2: Changing the Economic Geography of the Vaal through the Vaal River Special Economic Zone



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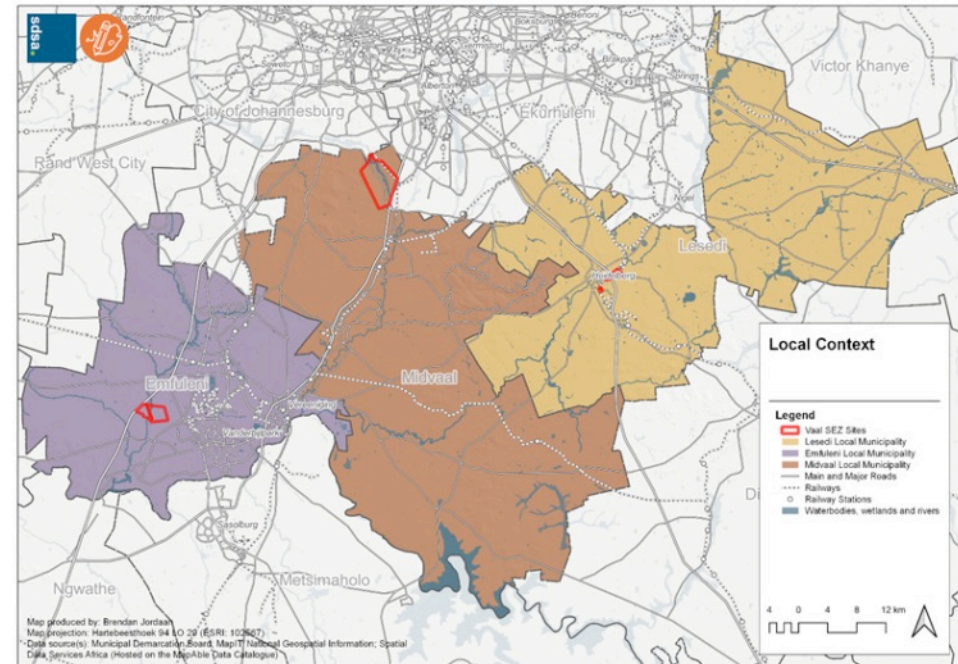
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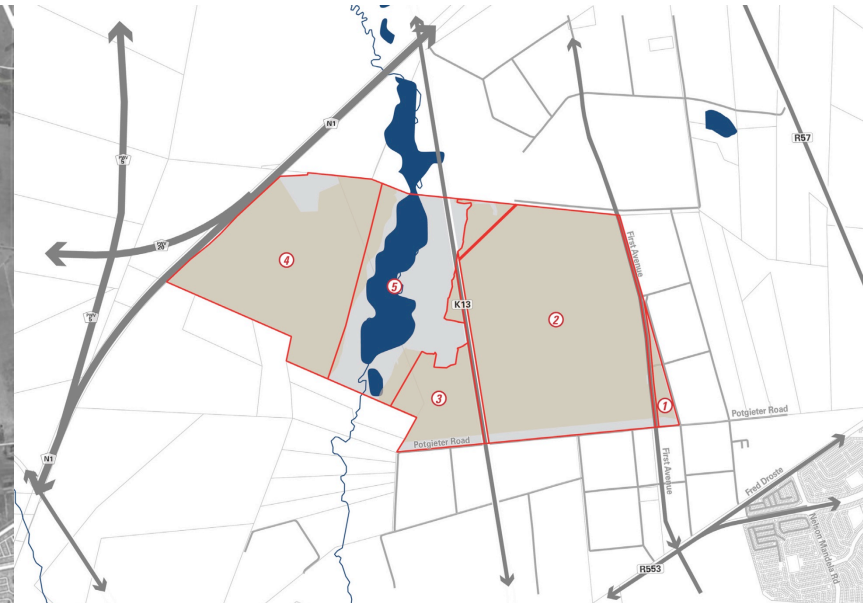
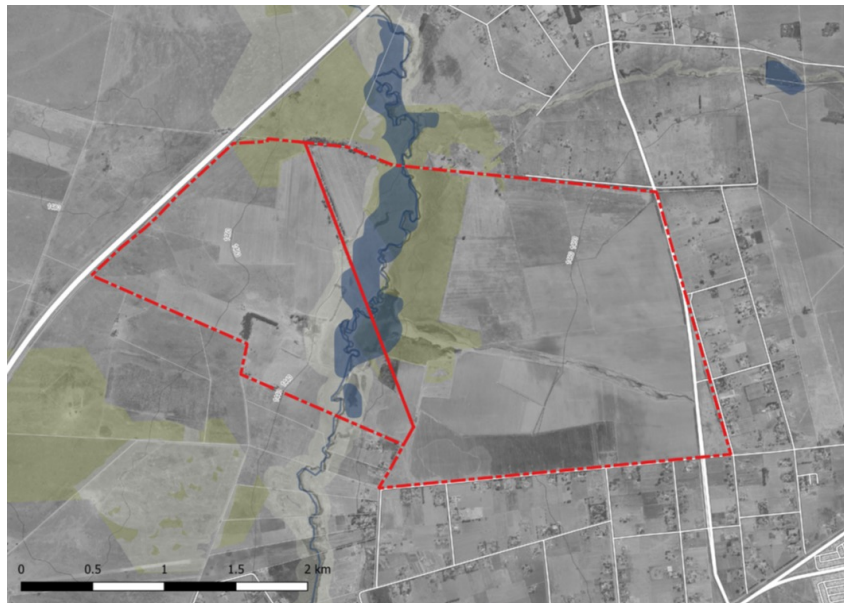
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VAAL SEZ – The Context





VAAL SEZ – Emfuleni Site (Portions 2 & 3 of the Farm Rietspruit 583)



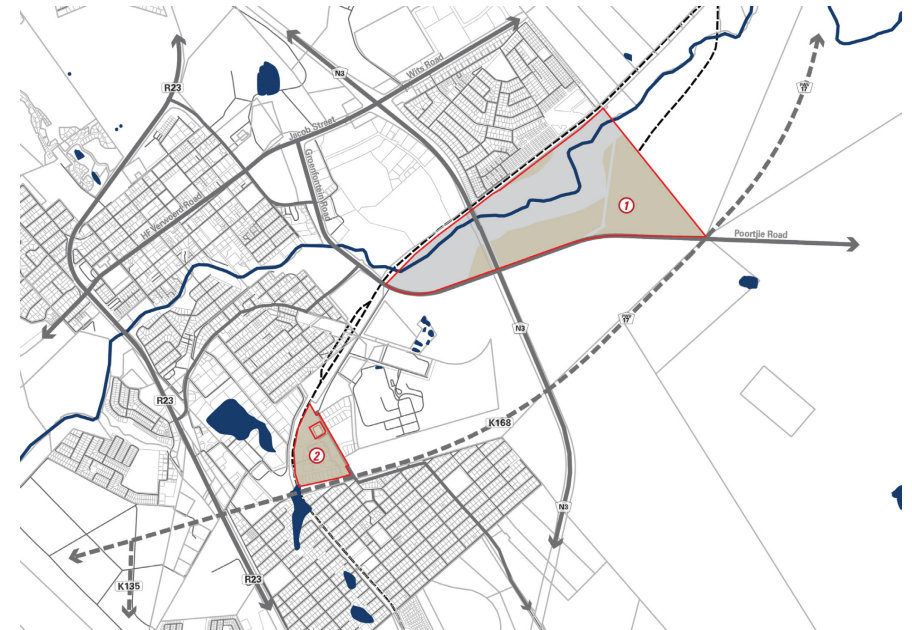
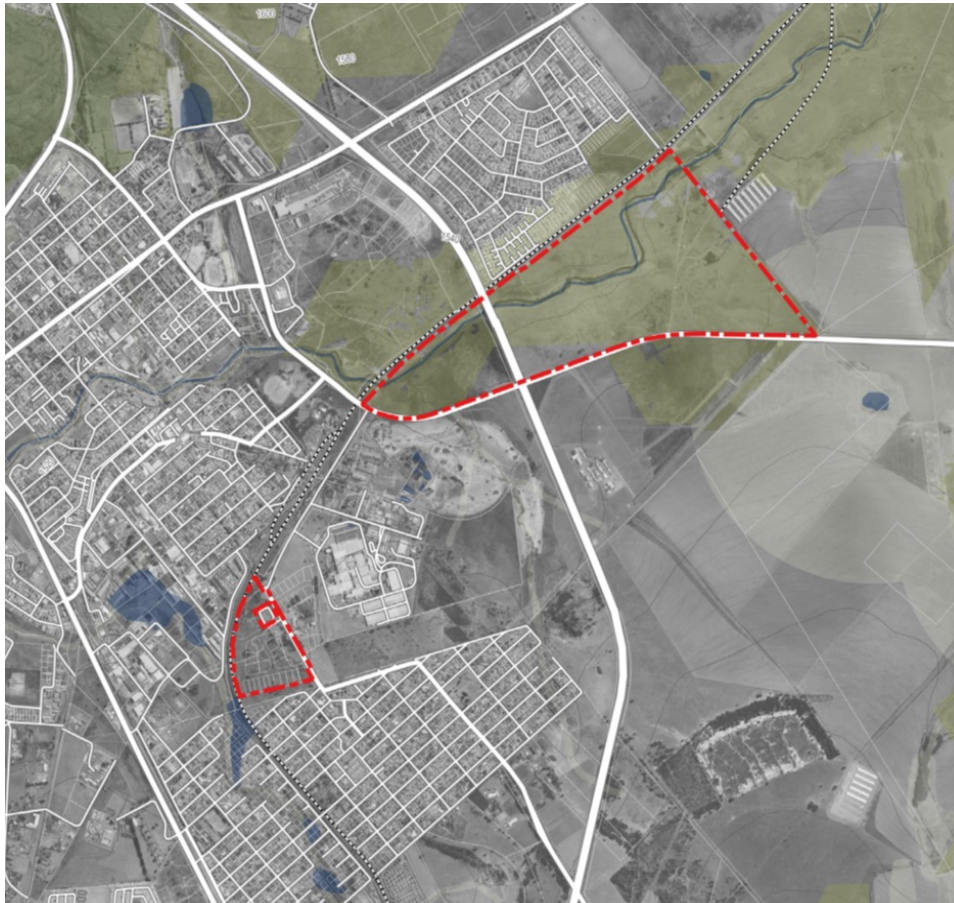
Optimising Development Potential

- Gross Area: 697 hectares
- Gross developable land: 526.1 hectares
- Segmentation into 5 developable land parcels

- Developable Parcels***
- Site Area
 - Developable Land
 - Developable Parcels



VAAL SEZ – Lesedi Site (A portion of the Remaining Extent of Langlaagte 186 and Heidelberg Extension 24)

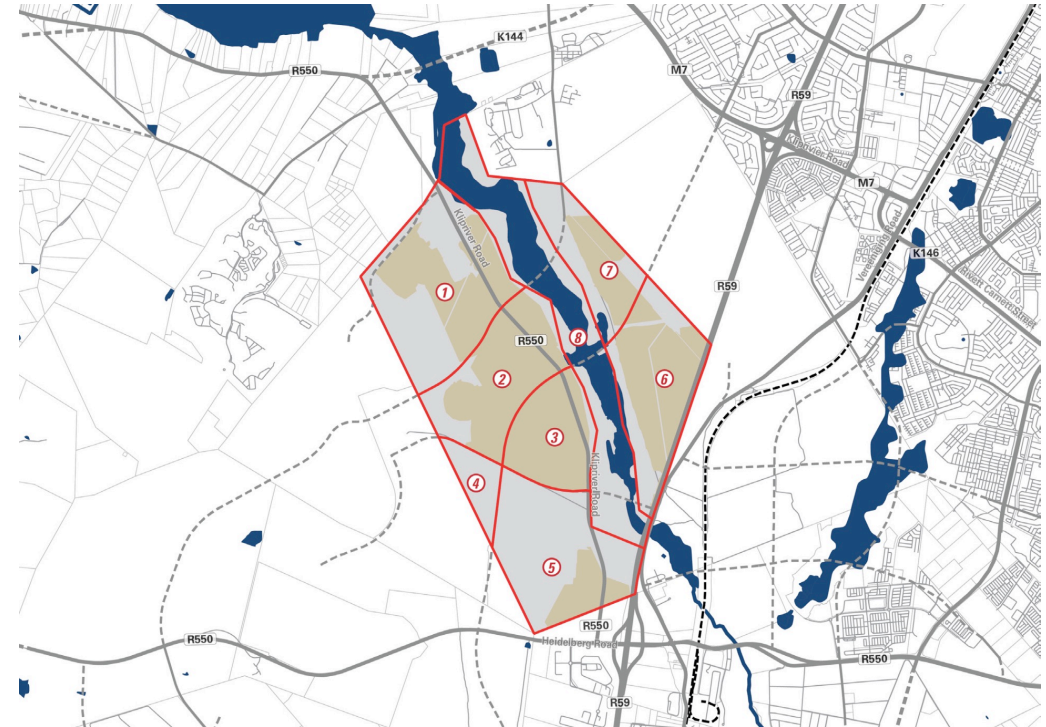
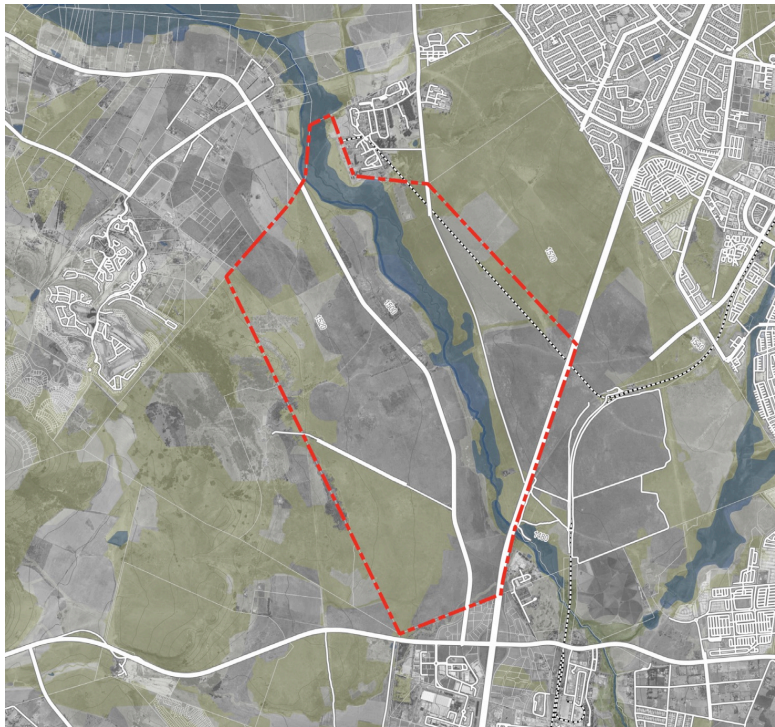


Optimising Development Potential

- Gross Area: 161 hectares
- Gross developable land: 68.55 hectares
- Segmentation into 2 developable land parcels



VAAL SEZ – Midvaal Site 1 (Rand Water Owned) (Farm Zwartkopjes 143)



Optimising Development Potential

- Gross Area: 2,078 hectares
- Gross developable land: 841.7 hectares
- Segmentation into 8 developable land parcels



VAAL SEZ – Midvaal Site 2 (Municipal Owned) (Portions 2 and 64 of Farm Kookfontein 545)



Optimising Development Potential

- Gross Area: 92.9 hectares
- Gross developable land: 51.5 hectares
- Segmentation into 5 developable land parcels

ITEM	STATUS UPDATE
LAND	<ul style="list-style-type: none"> ▪ Land lease agreements still being negotiated and finalized
TECHNICAL ASSESSMENT OF LAND	<ul style="list-style-type: none"> ▪ Proceeding as part of the Technical Feasibility and Business Case
INVESTOR PIPELINE	<ul style="list-style-type: none"> ▪ Defined and work proceeding to package understandings with formal agreements. Focus on Blue Drop (R1,1b to be located in Lesedi – they appear not to need SEZ designation) and Mitochondria (R2b to be located in Emfuleni – this land needs bulk upgrade and would be subject to funding to unlock the land)
JOB CREATION PROJECTIONS	<ul style="list-style-type: none"> ▪ Bluedrop Energy – 750 direct jobs* ▪ Mitochondria – 450 direct jobs* <p style="text-align: center;">*These figures do not include any construction related jobs or indirect jobs created through socio-economic multipliers</p>
MASTER PLAN & BUSINESS CASE	<ul style="list-style-type: none"> ▪ Master Plan on track for completion ▪ SEZ designation application on track for submission in July 2022 ▪ Designation approach in terms of organizational arrangements still outstanding

ITEM	STATUS UPDATE
PREDESIGNATION PROGRAMME	<ul style="list-style-type: none"> ▪ Upgrade of two industrial parks in Sebokeng subject to tender reissued by DBSA – tender closed and to be evaluated in July 2022 ▪ Fencing and security funding requirements for Emfuleni and Lesedi defined; subject to PBC funding allocation – the funding application to PBC to be packaged when the master plan is done
MAJOR DELIVERY MILESTONES BY MARCH 2023	<ul style="list-style-type: none"> ▪ Letters of Commitments signed by Mitochondria and Bluedrop Energy ▪ Township establishment processes underway ▪ Pre-designation projects underway
PARTNERSHIPS DESIRED / TROUBLESHOOTING AREAS REQUIRING ATTENTION	<ul style="list-style-type: none"> ▪ Confirmation of Funding for Bulk Infrastructure / Top Structure ▪ Vaal SEZ designation approval

VAAL SEZ - LAND USE PLANNING

VAAL SEZ - SECURED LAND PARCELS		Status as at:		17 May2022			Priority Sectors / Investments
Local Municipality	Ext. No.	Farm Area (Ha)	Developable Erf Area (Ha)	Floor Area Ratio (FAR)	Gross Lettable Area (m ²)	Gross Lettable Area (Ha)	
Lesedi	A Portion of the RE of Langlaagte 186	161.0 Ha	90.0 Ha	FAR= 0.377	339,300.0 m ²	33.9 Ha	Trade Zone & Agri Zone linked to Heidelberg Airport, Electronics, Logistics (<i>MTP Aviation Solutions</i>)
Lesedi	Heidelberg Ext 24	19.0 Ha	19.0 Ha	FAR= 0.377	71,630.0m ²	7.2 Ha	<i>Bluedrop Energy</i>
Emfuleni	Portion 2 Rietspruit 583	472.0 Ha	292.0 Ha	FAR= 0.377	1,100,840.0m ²	110.1 Ha	<i>Mitochondria Energy</i> Hydrogen Valley Innovation Hub, Fuel Cell
Emfuleni	Portion 3 Rietspruit 583	225.0 Ha	180.0 Ha	FAR= 0.377	678,600.0m ²	67.9 Ha	Manufacturing, Renewable Energy Components Manufacturing, Metallurgic Manufacturing
Midvaal	Zwartkopjes 143 (Rand Water)	2,078.0 Ha	858.0 Ha	FAR= 0.377	3,234,660.0m ²	323.5 Ha	AgriVoltaics, Cannabis Processing, Logistics, Other Agro-processing, General Manufacturing
Midvaal	Portion 9 of ERF 216 De Deur Estates Limited	9.0 Ha	9.0 Ha	FAR= 0.377	34,005.4m ²	3.4 Ha	Cannabis Processing but need to address the constraints posed by SAPHRA licensing approvals
Midvaal	Portion 2 of Farm Kookfontein 545 IQ	60.0 Ha	48.0 Ha	FAR= 0.377	180,869.5m ²	18.1 Ha	Brick Manufacturing, Manufacturing
Midvaal	Portion 64 of the Farm Kookfontein 545 IQ	32.9 Ha	26.3 Ha	FAR= 0.377	99,286.7m ²	9.9 Ha	Manufacturing
Midvaal	Portion 65 of the Farm Kookfontein 545 IQ	9.2 Ha	7.4 Ha	FAR= 0.377	27,747.2m ²	2.8 Ha	Manufacturing
TOTAL		3,066.1 Ha	1,529.7 Ha		5,766,938.8m ²	576.7 Ha	

VAAL SEZ – HIGH PRIORITY INVESTMENTS

INVESTOR	DESCRIPTION	LOCATION	INVESTMENT (over 5 years)	EXPECTED TIMELINES (please see note below table)*
Mitochondria Energy	<ul style="list-style-type: none"> Fuel Cell Manufacturing Hydrogen Valley Innovation Hub 	Emfuleni	R2.0 billion	<ul style="list-style-type: none"> Feasibility Complete – 31 May 2022 Township Establishment – Oct 2022 Breaking Ground – Nov 2022
Bluedrop Energy	<ul style="list-style-type: none"> Manufacturer of Composite LPG Cylinders Supply and Distribution of LPG 	Lesedi (Heidelberg X24)	R1.1 billion	<ul style="list-style-type: none"> Feasibility Complete – 20 May 2022 Township Establishment – Oct 2022 Breaking Ground – Nov 2022
MTP Aviation Solutions	<ul style="list-style-type: none"> Heidelberg Aerodrome Trade Zone Agri-Zone 	Lesedi (Heidelberg Airport)	R2.0 billion	<ul style="list-style-type: none"> Subject to conclusion of commercial negotiations and disclosure by MTP of the investors they have secured (currently unresolved matter as MTP is loathe to disclose the investors they have secured)

*CRITICAL DEPENDENCIES

- Availability of bulk infrastructure funding to get sites investor-ready
- Access to SEZ Fund for funding of Top Structures (currently only available to designated SEZs)



Part 3: Changing the Economic Geography of the Vaal through Green Industrialisation



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Sector	Focal Points emerging from Sector Roundtables	Associated 2022-2023 target	Status of efforts directly supported by war room teams
<p>Green Energy</p>	<ul style="list-style-type: none"> • Microgrids initiative including RFI to identify microgrid demand and supply pools • Activate Joint funding facility with DBSA and IDC • Consumer facing microgrid deployment in township clusters • Green H2 investor pipeline deployment 	<ul style="list-style-type: none"> • 100 MW of renewable energy systems supporting green industrial baseload commissioned with at least 2 commercial microgrids in execution phase 	<ul style="list-style-type: none"> • RFI for microgrid partners closed on 30-06-2022; submissions are now being reviewed to map network of additional potential co-developments with GPG support , micro-grid clients and micro-grid technology providers • Pre-feasibility work done on 2 commercial green Microgrid proposals (Protea Glen and TASEZ) under negotiation with IDC and other potential funders and for next stage feasibility and funding deployment; • Targeting feasibility analysis and financial close before end August 2022, and execution phase by February 2023.

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<p>Green Energy</p>	<ul style="list-style-type: none"> • Microgrids initiative including RFI to identify microgrid demand and supply pools • Activate Joint funding facility with DBSA and IDC • Consumer facing microgrid deployment in township clusters • Green H2 investor pipeline deployment 	<ul style="list-style-type: none"> • 100 MW of renewable energy systems supporting green industrial baseload commissioned with at least 2 commercial microgrids in execution phase 	<p>GPG-SASOL partnership on Green H2 has now reached execution phase, focused on the following action frontiers :</p> <ul style="list-style-type: none"> • SASOL to supply the hydrogen fuel that will bring our microgrids to life, alongside other energy sources. • Making hydrogen available as a fuel for large vehicles • Enabling the supply of Green Aviation Fuel, Government partnerships in enabling financing and cutting red tape



RSA STRATEGIC LEADERSHIP ON GREEN H2 INDUSTRIALISATION

South Africa has pathfinding projects along 3 commercialisation lanes

MINING AND TRANSPORT

Contributing platinum group metals and/or actively producing hydrogen fuel cells and associated technologies, linked with conversion of heavy vehicle fleets including buses and potentially minibus taxis .

PATHFINDING PROJECT :

Amplats H2 Valley initiative deploying hydrogen-fuel cell mining trucks along a route supported by H2 fuel stations

EXPORT

Producing mass scale Green H2 for export, with flow-over into domestic consumption .

PATHFINDING PROJECT:

Boegoebaai Green H2 Export SEZ, anchored by SASOL, with Export consolidation for smaller producers in partnership with Port of Rotterdam

INDUSTRY

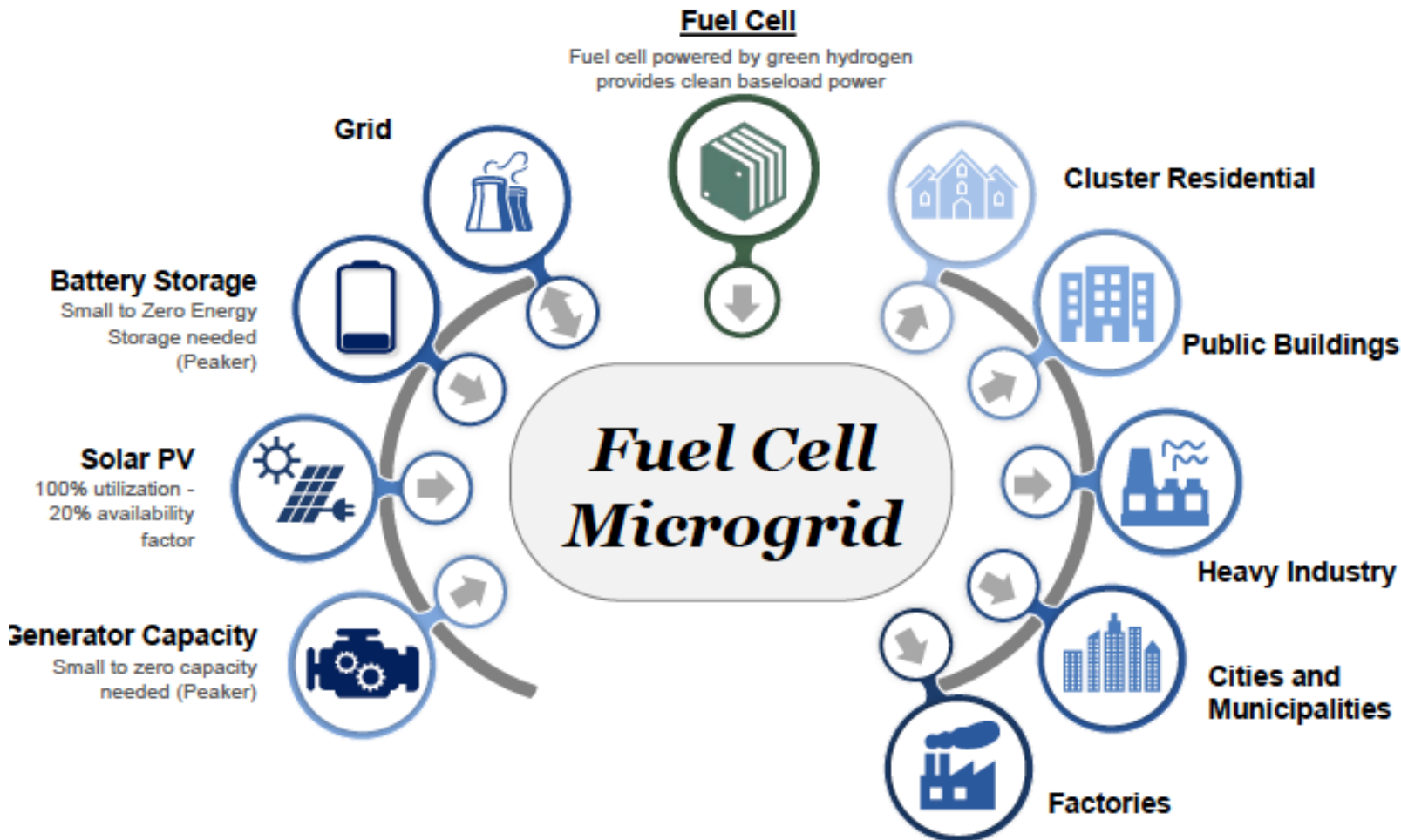
Conversion of existing industries and grids to use Green H2 as a power source , particularly in sectors that will face drop-off in export demand if they don't go green by 2030.

PATHFINIDNG PROJECT:

SASOL partnership with Gauteng Provincial Government to deploy Green H2 industrial power-grids and provide green Av-Gas via OR Tambo

EVOLVING A NATIONAL GREEN H2 STRATEGY: GIZ has allocated EUR12 Million to work with the Presidency and SA Govt as a whole on the new H2SA programme which will **systematically enable these and other pathfinding projects , support the finalisation of a national green H2 strategy and develop a roadmap for how green H2 can accelerate a just transition.**

ADVANCE FUEL CELL MICROGRID



Salient Points

- New "BACKBONE" of the microgrid
- Highly Reliable Microgrid
- Lean on/off-grid solution
- Affordable Microgrid
- 100 Zero Carbon, Noxs & Soxs
- Fully Integrated with ALL technologies (fuel cell backbone)
- Modular and Scalable
- Intelligent Power Management
- Combined Heat and Power
- Optional Grid services

MICROGRID INITIATIVE – KEY ACTIONABLES

- 1. GPG to develop a Provincial action plan for the microgrids initiative** informed by the sector acceleration roundtables outcomes
- 2. GPG has conducted a market-sizing and market mapping exercise via RFI**
- 3. GPG and partners are now mobilizing first mover projects.** These use our SEZ network as a jump off point where possible ; the Projects are being fully cost-modelled in collaboration with identified end users – including in the Protea glen cluster, the Tshwane Automotive SEZ; The Western/ N!2 SEZ creat
- 4. GPG is working with SASOL, under the terms of our MOA, to agree terms and roadmap for a green H2 fuel supply from Sasolburg to micro-grid projects.**
- 5. GPG is partnering on a portfolio financing platform with DBSA & IDC - including climate finance facilities and banking facilities ; dedicated project prep window and capital pools with credit enhancement; this could tie into the national just transition fund**
- 6. In parallel, GPG will is working with districts and metros to drive a social impact variant of the initiative targeting under-serviced areas using the Eskom model (solar PVs plus containers).** There is a possibility of linking this to much more targeted use of free basic electricity funding



Part 4: Changing the Economic Geography of the Vaal through the Township Enterprise Zone Programme



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Township Economic Development Policy for the Gauteng City Region

Sets out the **regulatory and policy interventions** to change how commercial activity is governed and supported in township areas with the explicit goal of **expanding existing businesses in township areas and enabling the creation of new business activity** to drive mass-scale employment and self-employment in the deprived communities of the Gauteng City Region.

Regulatory interventions (executed through enabling legislation)

Township Economic Development Act

Outlines the principles of law that will govern how areas designated as **township enterprise zones** are regulated in Gauteng as a matter of regional economic development, giving legal force to the regulatory approach of the policy.

Township Enterprise Zones [TEZs]

Draft Standard Bylaw for Developmental Township Governance

Sets out for adoption by municipalities. Adoption of the bylaw constitutes compliance with the regulatory principles contained in the act. If not adopted, municipalities within Gauteng are required to demonstrate how existing bylaws have been amended in line with the regulatory principles of the act with respect to areas identified as township enterprise zones.

Identifies which areas are considered townships to which the specific provisions of the legislation will apply, "green-lining" townships for certain kinds of regulatory support. **The list of areas considered townships for the purposes of regulation is proclaimed by MEC in consultation with municipalities**

Policy interventions (approved and monitored by EXCO)

The Executive Council of Gauteng has approved a range of "benefit-stacking" measures under its authority directing both programmatic effort and GPG procurement at the TEZs

Township Enterprise Precincts

Focus areas in first iteration (2022-24):

- Specialised financing for township firms
- Consolidated buying systems to link large groups of township-based firms to government and private sector value chains, including for manufactured goods, integrating industrial estates.
- Turn taxi ranks into micro-CBD's, and support the taxi economy
- Use backyard real-estate upgrade model to develop township high streets

A NEW ECONOMIC GEOGRAPHY : THE TOWNSHIP ENTERPRISE ZONE

Moving from a stifling legalistic mode of management of economic activities to an enabling approach which combines everything government can do and “Stacks” benefits to businesses and workers in the zones .

The shift entails:

1. Cutting red tape in the zones through mandating legislation, Model Standard By-law(s) and regulations;
2. Targeted tax incentives (can also be run as incentive grant to businesses)
3. Targeted funding (using township enterprise partnership fund)
4. Targeted procurement and pipeline development
5. Clear operations and management roles defined,
6. A monitoring and evaluation framework; and
7. Progressive view to support decentralised management and data gathering/monitoring about less formal economic activity in Gauteng.

The Game Analogy



The land and areas are fixed - they don't move.

But, economic activities and the individuals undertaking them are sometimes mobile. The activity and individual undertaking it has to be mandated correctly to be able to move and operate legally within the correct spaces - fixed land and designated areas.

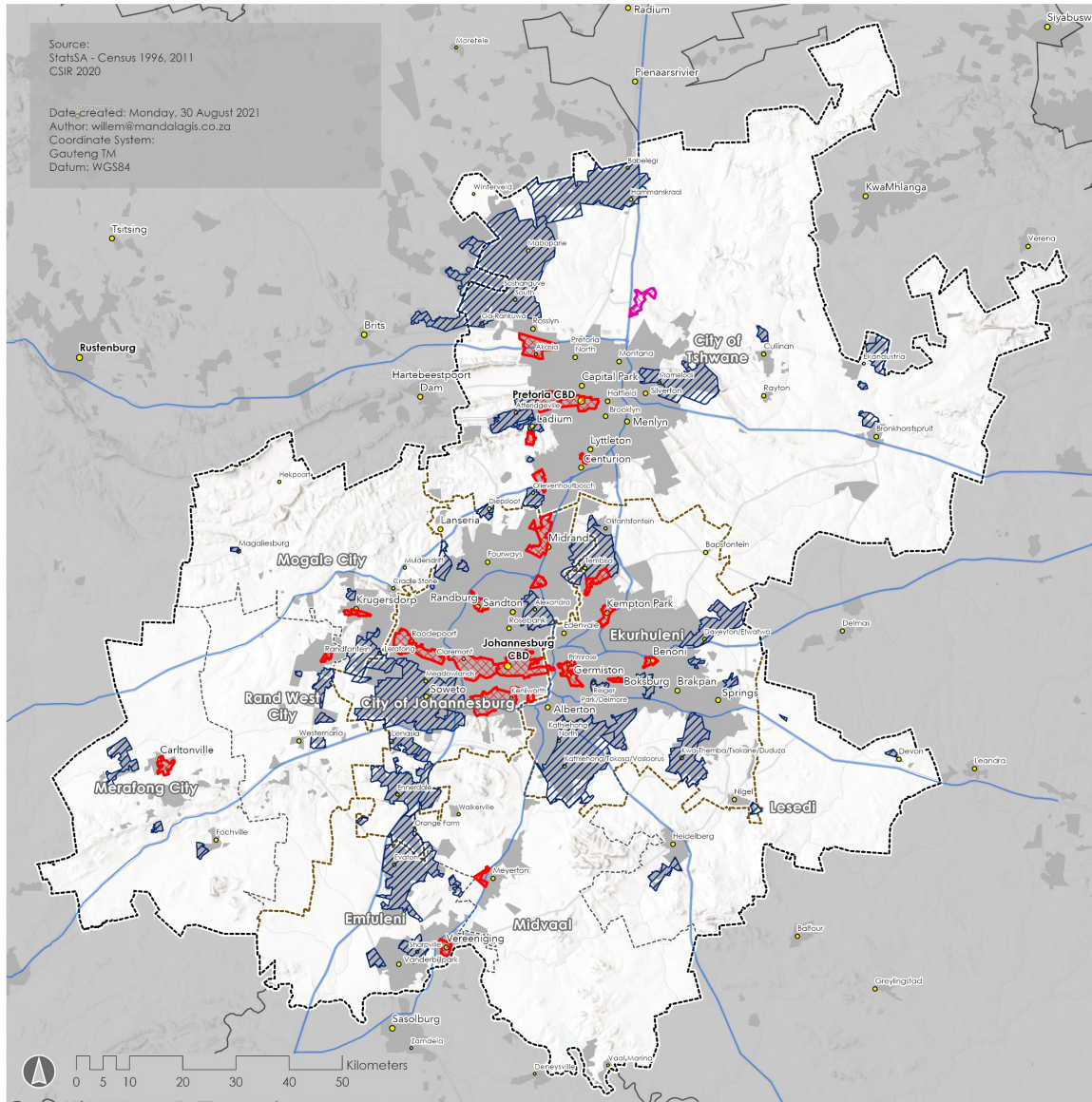
The Model Standard By-law tries to solve the problem of **writing the rules for a game that's constantly shifting, but the board is static.**

And, economic activity does not respect administrative boundaries

C

Definition of Designated Areas

- The Draft Study Areas are a combination of the foregoing understanding – *considering the past **and** current patterns of deprivation and disadvantage.*



Draft Study Areas

Townships with majority non-white population and more than 5 persons per hectare

Draft Broad Study Areas

Typology

- New neighbours
- Old Townships
- Land restitution
- Builtup Areas 2020
- National Routes
- District Municipalities
- Local Municipalities

TEDA CRITICAL TASKS ACTION POINTS

The 3 priorities under TEDA implementation:

- **Deploy the prototype Township Enterprise Zone clusters ahead of full promulgation using current precinct level initiatives**
- **Finalise and implement the regulations and instruments of TEDA in full with supporting network of zone offices, including draft model bylaw and regulations to be gazetted .**
- **Target BBBEE resources and ESD accelerator specifically at Township Enterprise Zones to build business capability and agglomerated supply pipelines**

GCR TOWNSHIP ECONOMY PARTNERSHIP FUND

JOINT WHOLESALE FUNDING PLATFORM
Includes facility to pool with rest of public and private sector

JOINT INVESTMENT COMMITTEE
Makes allocation decisions to intermediaries

JOINT POLICY COMMITTEE
Sets Parameters/ Criteria

- Wholesale funding goes to intermediaries who can run portfolios of loans at low interest to growth SMMEs in townships across the GCR.
- Intermediary repays the wholesale funding platform
- Application and disbursement systems are co-branded

• R250 MILLION

• R250 MILLION PLUS MATCHED FUNDING FROM APPLYING INTERMEDIARIES



CATALYTIC TOWNSHIP ECONOMIC PRECINCTS

While all declared TEZs will benefit from red-tape cutting bylaws, targeted tax incentives, targeted funding (via TEPF intermediaries) and targeted procurement/ ESD , the first iteration of township enterprise zones is seeding the following special categories of precincts in specific areas :



Type of Township Enterprise Precinct (TEP)	Local govt role (to be supported by SALGA advocacy)
Retail precincts incl. 200 targeted consumer products produced in townships and linked logistics / mini Distribution Centres	Zoning and permitting (in advance of draft model bylaw) ; Developmental leases for appropriate government-owned properties
Township cloud zones (includes expansion of Ekasi Labs) – digital opportunity clusters anchored by outsourced online-worker operations (customer service, data labelling, administrative business services) used to cross subsidise free basic broadband and hot-desks in immediate location, as well as free cloud tools	Zoning and permitting plus developmental approach to wayleaves and permissions related to fibre installations
Township infill residential – backyard shack upgrades to deploy high streets and student accommodation	Zoning and permitting plus precinct level collaboration to develop high streets and student housing precincts
Taxi Economy nodes – consumer retail, services and automotive.	Zoning and permitting plus partnerships to deliver taxi ranks
Manufacturing and industrial clusters linked to 22 most purchased products and services (GPG as first market)	Zoning and permitting plus collaboration on releasing/ developing industrial sites.



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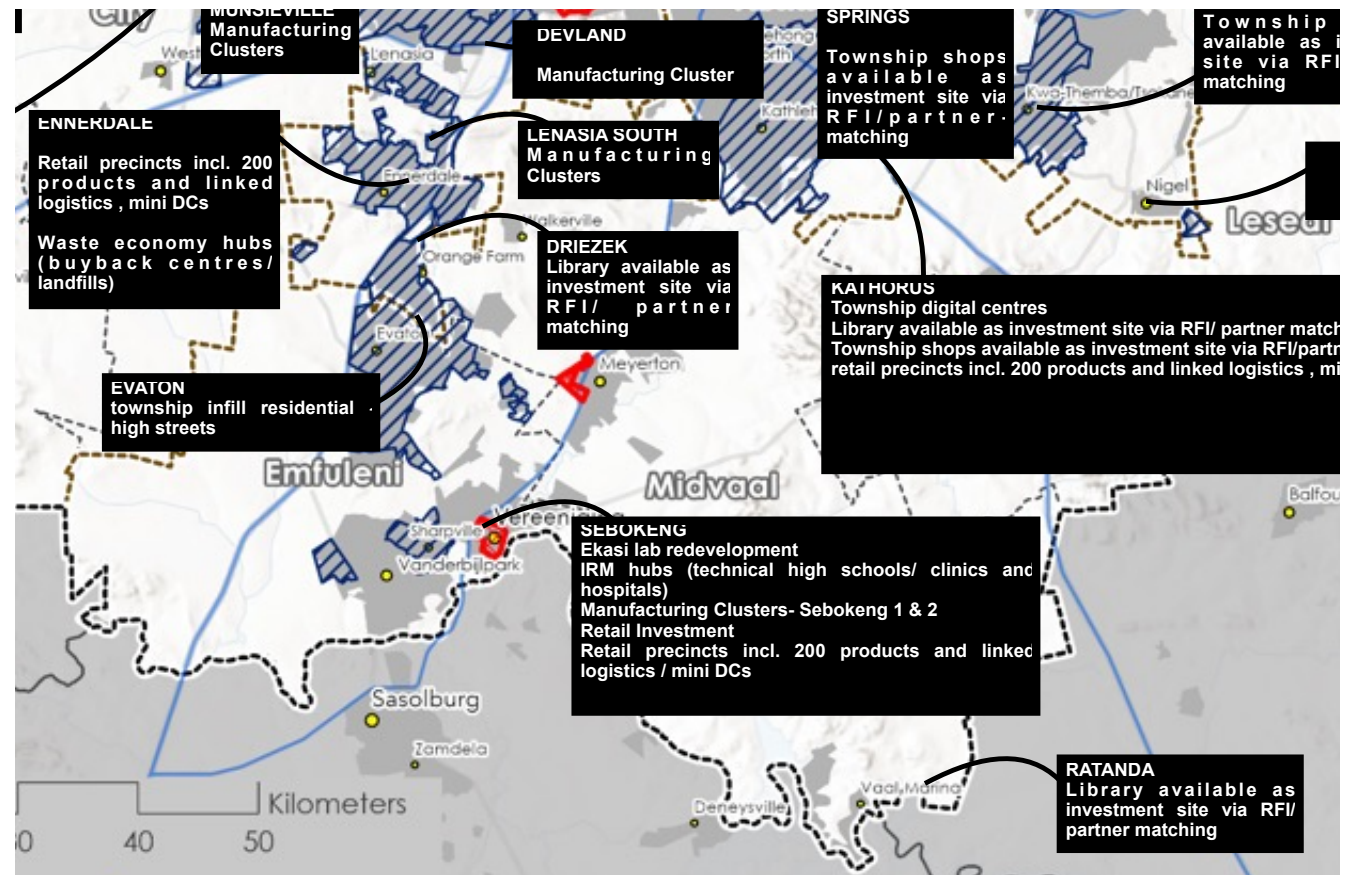
Type of Township Enterprise Precinct (TEP)	Local govt role (to be supported by SALGA advocacy)
Install-Repair-Maintain Contracting Hubs linked to 40% GPG maintenance budget	Zoning and permitting plus partnership to open up municipal repair value chains to IRM hubs
Energy Hubs including township microgrid networks	Zoning and permitting plus partnership to deploy township microgrid networks
Waste economy hubs (linked to buyback centres/ landfills)	Zoning and permitting plus partnership to drive waste economy precincts linked to buyback centres and landfills
Creative hub accelerator network	Zoning and permitting plus integration of local govt run creative hubs into creative hub accelerator network
Expedited broadband installation (linked to TEZ special bylaw)	Zoning, permitting, concessional/ expedited wayleaves and implementation of bidding system for use of street furniture for transmission
Logistics Green Routes	Partnership to reduce crime and manage maintenance on green routes
Govt owned Properties offered to partners for redevelopment (shuttered libraries, schools and other properties)	Partnership to include locally owned properties in pools available for developmental leases (and in relevant cases commercial leases) to support township economic precincts

PRECINCT PARTNERSHIPS SEDIBENG

Certain partnerships have already been identified to deliver township enterprise zones in Sedibeng and the Wider Vaal Region.

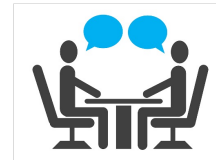
Others will be identified through the RFI that closed on July 1st.

The RFI will allow for the designation of projects that can be supported at various levels, eg through equipment, training and other resources procured on their behalf, concessional leases for government-owned sites or regulatory unblocking through IGR channels.





REGISTRATION AREA (ACCESS TO PORTAL)



CONSULTATION AREA
MULTI-FUNCTIONAL SPACE FOR MEETINGS AND BRIEFINGS



OPPORTUNITY DESK
PROCUREMENT, FUNDING, MARKETPLACE FOR INVESTMENT CHANNELING



TROUBLESHOOTING DESK
FOR IMPLEMENTATION/ ACCESS TO ZONE BENEFITS

DEPLOYING TOWNSHIP ENTERPRISE ZONES – THE ZONE OFFICE



PORTAL OPERATING AT TOWNSHIP ENTERPRISE ZONE LEVEL



TEDA PRECINCT ANCHORS IMPLEMENTATION TO DATE

PRECINCT TYPE/ INTERVENTION ANCHOR	CURRENT STATUS
<ul style="list-style-type: none"> Retail precincts incl. 200 targeted consumer products produced in townships and linked logistics / mini Distribution Centres 	<ul style="list-style-type: none"> TEZ RFI closed on the 1 July 2022 – briefing session held. Match-making Expo event scheduled for November 2022 as part of Local Content/ Buy Local campaign in partnership with ProudlySA. 5 regional expo's will take place between July and August in preparation for the main Expo. More than 200 products have been identified in the regions and EDFs are currently conducting gap/needs analysis. The List of products include manufacturing emanating from GDED incubation programmes – detergents, chemicals, paint, soaps, shoes as well as 13 out of 22 priority products. Funding application submitted to W&R SETA for retailing platforms across Inclusive Township Projects. MOU being finalised. Due diligence completed on township retail and alternative funding channels are being explored. Finalising partnership with DSA - which will also provide testing support for township products.
<ul style="list-style-type: none"> Install-Repair-Maintain Contracting Hubs linked to 40% GPG maintenance budget 	<ul style="list-style-type: none"> TEZ RFI closed on the 1 July 2022 – briefing session held. Mamelodi Hub is currently being commissioned Expansion into 10 hospitals and 10 technical high schools – (Meeting held with Dept of Health to present expansion project plan – Dept of Health to identify two hospitals per region including feeder facilities – Legal drawing expansion SLA) 5 cellphone repair hubs being commissioned – including components supply later transiting into manufacturing (linked to eWaste Projects at eGov). Funding application submitted to MICT SETA for cellphone repair rollout. Recruitment and activation campaign has started using youth month activities to identify potential participants per region. Current demand exceed supply. Management capability delivery partners finalised.

TEDA PRECINCT ANCHORS IMPLEMENTATION TO DATE

PRECINCT TYPE/ INTERVENTION ANCHOR	CURRENT STATUS
<ul style="list-style-type: none"> Taxi Economy nodes – consumer retail, services and automotive. 	<ul style="list-style-type: none"> Ten township taxi nodes identified. Funding applications submitted. TEPF funding pending Investment memorandum in the pipeline. EMM finalising legal agreement with Nigel Taxi Association for access and use of Nigel Taxi Rank. Last Mile recruitment and activations have started. The team exploring funding for capacity building, licensing and testing as precursor for investment in motorbikes and related tools of trade (PPE). 500 youth currently in the programme (50 have graduated and start servicing contracts). The market demand for drivers is about 7000. The target to service the demand is 10 000. All necessary MOUs with delivery partners completed.
<ul style="list-style-type: none"> Manufacturing and industrial clusters linked to 22 most purchased products and services (GPG as first market) 	<ul style="list-style-type: none"> TEZ RFI closed on the 1 July 2022 – briefing session held. Properties currently being identified in the future TEZs to set up manufacturing of goods and contributory value chains as per the list of 22 most frequently procured goods and services ESD accelerator design with UJ explicitly includes provision for these BBBEE funding matchmaking process is prioritising production of goods and services needed by departments for the deployment of their BBBEE funds Including construction services hubs in partnership with Motheo Academy/ PPC. Targeted sites include Babelegi, Ga rankuwa, Ekandustria, Chamdor, Kagiso, Munsieville, Sebokeng 1 and 2, Lenasia south, Mamelodi, Orlando, Devland, Merafong/ Kokosi and the soweto empowerment zone.
<ul style="list-style-type: none"> Energy Hubs including township microgrid networks 	<ul style="list-style-type: none"> Consumer facing microgrid proposals to be sourced via parallel process to commercial Microgrid RFI Eskom model – as already tested in rural areas – is a viable option US Consulate have indicated willingness to fund design/ pre-feasibility – this route is being followed



TEDA PRECINCT ANCHORS IMPLEMENTATION TO DATE

PRECINCT TYPE/ INTERVENTION ANCHOR	CURRENT STATUS
<ul style="list-style-type: none"> Waste economy hubs (linked to buyback centres/ landfills) 	<ul style="list-style-type: none"> Buyback centre focal points in Mohlakeng and Ennerdale identified as first pathfinders.
<ul style="list-style-type: none"> Creative hub accelerator network 	<ul style="list-style-type: none"> Initial identified network anchor hubs are <ol style="list-style-type: none"> The South African Creative Industries Incubator in Eesterus Naledi 3D at Innovation Hub Africa Beyond 4IR in Mabopane at the Odi TVET College Animation SA and Techsprung Animation and Gaming incubator at Conhill JCCI export accelerator in Milpark
<ul style="list-style-type: none"> Expedited broadband installation (linked to TEZ special bylaw) 	<ul style="list-style-type: none"> 6 Wayleaves granted to BBC (funding application pending) Technical training programme being finalised for deployment (including development of black ISP license holders) Telkom MOU signed. Telkom/Open Serve assessing 6 Mogale City underserviced townships for potential deployment. Fund raising strategy includes application to SETA for funding under special projects - MICT SETA currently considering funding application for fibre and ICT
<ul style="list-style-type: none"> Logistics Green Routes 	<ul style="list-style-type: none"> Consultation underway with industry on green route deployment
<ul style="list-style-type: none"> GPG owned Properties offered to partners for redevelopment (shuttered libraries, schools and other properties) 	<ul style="list-style-type: none"> Projects to be identified and supported via RFI process. Formal process established with DID to match projects to GPG-owned properties .

TEDA REGULATORY INSTRUMENTS STATUS

• MASTER LEVEL TASK .	• STATUS
Gazette and Promulgate model standard bylaw and regulations	• Awaiting final feedback from COGTA on promulgation process for Draft Standard Bylaw
Gazette and finalise regulations for TEZ designation	• Regulations now going in for review by state
Gazette and finalise regulations for funding applications	• Regulations in process benchmarking TEPF – consultations pending with SEFA and other funders obligated by the new act
Issue new practice notes / guidelines for procurement from TEZs in alignment with Act	• Will accompany the establishment of the transversal BBBEE accelerator panel as part of the process with provincial treasury
Deploy Tax incentives	<ul style="list-style-type: none"> • First meeting held with Public finance division of National Treasury, who have confirmed they are under instruction from Ministry to engage on and finalise the tax incentives for TEZs. Current process is a gap analysis of current incentives to inform proposal for new incentives • Actual promulgation will be October 2022 – detailed project implementation framework has been developed leading up to that.

LINKING TOWNSHIP ECONOMIC CLUSTERS & BBBEE ALLOCATIONS

1. **TEDA gives the MEC the power to designate wide areas as “Township Enterprise Zones”** which then are targeted for a range of benefits, including their own red-tape cutting bylaws, special tax breaks and a prioritization for programmatic activities of various kinds. **This includes geospatially targeted enterprise and supplier development**
2. **EXCO has resolved GDED must validate, endorse and guide the BBBEE spending province wide to attain BBBEE level 1 status.** This includes the active targeting of the funding levels required to reach that level through common frameworks and all departments have confirmed their commitment to these funding levels in writing , noting that as things stand this **funding must still be deployed by the Departments and Agencies in question .**
3. **One of the complimentary measures passed by EXCO in alignment with TEDA stipulates that 40% of procurement must target the township enterprise zones** that will be declared under the act (effectively systematising the township targeted procurement that has been more loosely defined until now and focusing it on the new zones for spatial targeting purposes). **This logically provokes the need to direct enterprise and supplier development funding at clusters in these zones producing the key goods and services demanded by government (the top 22 will be targeted).**
4. **EXCO, as part of this 40% prioritisation further agreed that 40% of ALL maintenance should be targeted at clusters in these zones, using the install-repair-maintain programme.**
5. **While not all BBBEE transactions are with township based firms, all township-based firms will almost certainly be BBBEE suppliers .** The targeting of ESD spending at townships and the ESD deployment under BBBEE overall will therefore strongly overlap.

LINKING TOWNSHIP ECONOMIC CLUSTERS & BBBEE ALLOCATIONS

RFP for BBBEE initiatives Panel (to be issued by GPT):

Call for initiatives that can be the target of allocation of BBBEE spending by all Depts including :

- Aggregation platforms/ Consolidated buying clusters (decentralized or linked to one location/ hub)
- Capacity building programmes delivered as accelerators and incubators linked to high demand products/ services (starting with top 22 demanded by provincial government)
- Workforce development programmes supplying skilled contractors/ workers from the township enterprise zones
- Enterprise and supplier development clusters which create growth SMME conditions in the TEZs but are not strictly supplying GPG-demanded products (under Socio-economic development category)
- Panel will be used by all GPG Departments and entities who will appoint via time limited RFQs to panel
- **Total Value of panel based on total scope of BBBEE spend**

ESD Accelerator Programme :

- Run as a federated set of partnership platforms including UJ, Izinga (TASEZ/IRM system) and YES4YOUTH
- Uses data on demand and supply clusters to help inform RFQs departments issue to BBBEE panel
- Deploys supporting systems which link incubators and place YES funded young workers
- Also provides for additional, transparent layer of super-localized subcontracting (TASEZ Model)
- Izinga platform expands to include onboarding for street-level businesses and workers in TEZs

RFPs / RFQs which are 100% are partially township targeted will now target companies based in township enterprise zones :

- TORs should include where feasible the option for incubators/ accelerators to bid as contractors
- Where not feasible can include the requirement for incubators/accelerators to be included in a larger contract as one of the layers of contracting (TASEZ model)

R6 313 043 704,00

BBEEE spend category	Supplier Development	Enterprise Development	Socio-economic Development	Skills Dev
Total	R286 956 532,00	R143 478 266,00	R143 478 266,00	R5 739 130 640,00

Township PP spend (40% of total)

R17 217 391 920,00



End



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