

INVESTMENT ENVIRONMENT & OPPORTUNITIES IN THE GREEN ECONOMY



South African Economy

YEAR	1994 THEN	2004	IN 2013
GDP (billions)	R 482 US\$ 60	R 1 374 US\$ 171	R 3 385 US\$ 350,7
Merchandise exports (billions)	R 69, 8 US\$ 8.7	R 281,8 US\$ 35.2	R853,7 US\$ 88.5
GDP Growth	3,2%	4,6%	1,9 %

Source:SARB

- South Africa positioned as a **manufacturing centre of excellence**
- Diversified Industrial sectors
- **Open** economy
- Sound business case for investment and profit
- **Gateway to Africa** and markets of more than **200 Million consumers**
- Africa is the next big story after China and India

Strategic Context

- SA's vision for inclusive growth & development – decent jobs and equity;
- NDP, NGP and IPAP - promoting a globally competitive economy that produces and trades with the rest of the world in innovative & value added products & services;
- Create 5 million jobs by 2020;
- Beneficiate of own minerals and natural resources;
- Improve physical industrial infrastructure;
- Regionally spread industrial development.

Integrated into the mainstream economy, in terms of value chains and localisation initiatives including skills, technology, tooling and supplier development initiatives

Investing In The Green Economy

- The Green Economy is a key focus area for the SA Government
- The New Growth Path sets a goal of creating 5 million jobs by 2020
- The Green Economy is identified as an area of growth that could contribute significantly to job creation
- The Green Economy Accord – signed in 2011 and identifying specific opportunities for the Green Economy

The Green Economy Accord

- Identifies various priority areas including:
 - Rollout of 1 million solar-water heating systems
 - ***Increasing investment in the green economy through public and private investors (including the Industrial Development Corporation)***
 - ***Procurement of renewable energy as part of energy generation plan***
 - Promotion of biofuels for vehicles
 - Promoting energy efficiency across the economy
 - Waste management and recycling
 - Reducing carbon-emissions on the road – a shift to rail for freight-transport
 - ***Economic development in the green economy – promote localisation, youth employment, cooperatives and skills development***



GREEN ECONOMY SUBSECTORS

- **Renewable energy: wind, solar, biogas, biomass - focus on manufacturing of components**
- **Waste Management and Waste to Energy**
- **Energy efficiency and demand management initiatives**
- **Biofuels**
- **Nuclear**



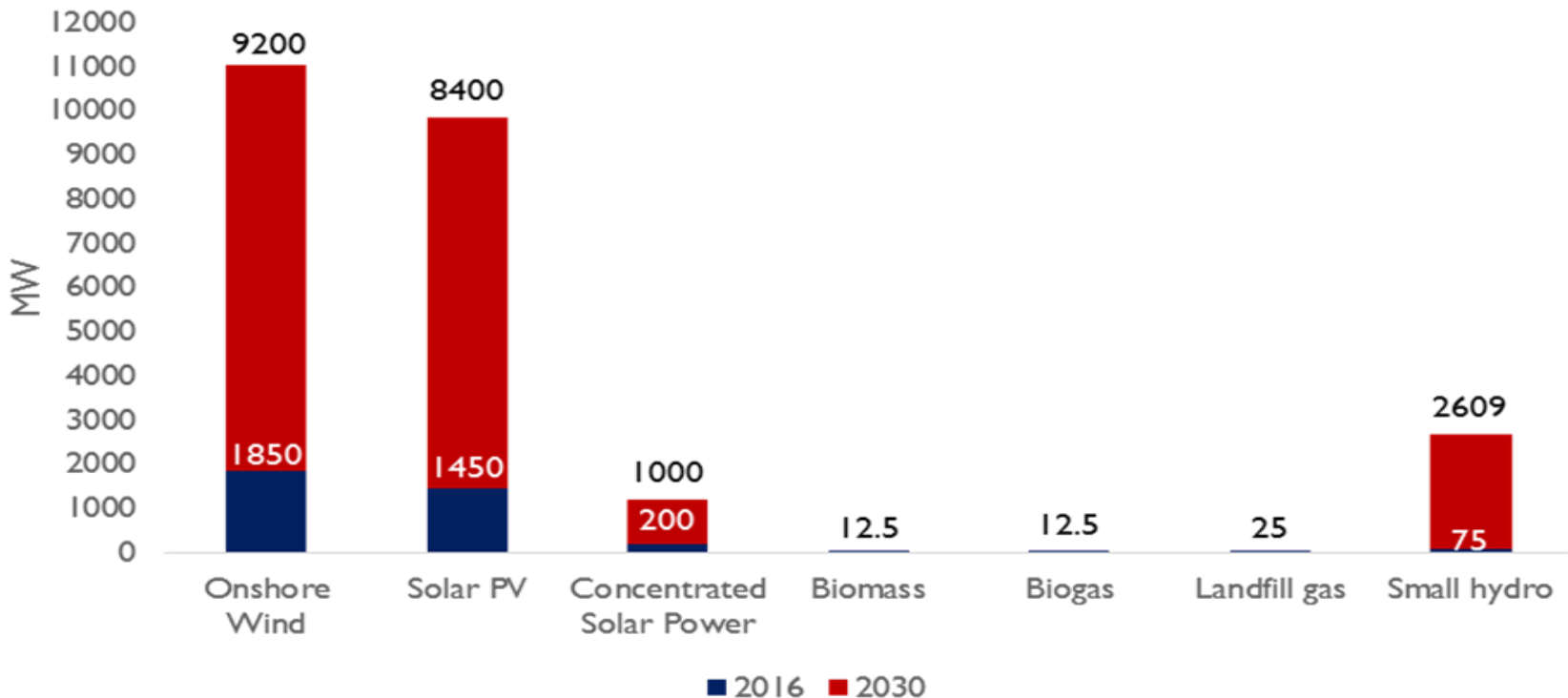
RENEWABLE ENERGY

- Current energy landscape - **87% of energy supply from fossil fuels** and **95% of crude oil is imported**
- With the country's increasing energy needs, the Government developed an **Integrated Resources Plan (IRP) 2010-2030**
- Sets out **generation expansion and demand-side interventions** to meet the country's electricity demand
- Department of Energy launched the **Renewable Energy Independent Power Producer Programme (REIPPP)**
- REIPPP – procure **17,8GW** of renewable energy by 2030
- Created opportunity for **manufacturing of components**



RENEWABLE ENERGY

Integrated Resources Plan Procurement by 2016 and 2030



REIPPP Investment And Local Content

	Round 1	Round 2	Round 3	MW remaining capacity
Approved bids	28	19	17	
Value of approved projects	R46.1bn	R28.1bn	R33.8bn	
Local content value	R11.4bn	R11.8bn	R15.95bn	
Local content % (average for all technologies)	23.7%	46.85%	47,2%	
MW Approved	1 415.6	1 044	1 456	2 808

Department of Energy



RENEWABLE ENERGY

Opportunities:

- Study on localisation potential of **Solar PV**: components and equipment for (panels, inverters, mounting structures, cables, trackers):
 - Utility scale renewable energy projects – REIPPP round 5 and 6
 - Small scale IPP projects for less than 5MW
 - Rooftop PV
- Study on the localisation potential of **Wind**: components and equipment for utility scale projects (wind tower masts; blades; nacelles/gearboxes)
 - Could get investment in blade facility but need more policy certainty



ENERGY EFFICIENCY

- Strong commitment to reduce Greenhouse Gas Emissions by 34% by 2020
- Currently mostly importing energy efficiency machinery, equipment and software. There are opportunities for partnerships and especially technology transfer
- Solar power for non-electrical use – **Solar Water Heaters**
 - 1 million installations by 2014
 - Promote SWH in residential, commercial and industrial areas
 - Direct subsidies as incentives
- **Section 12L incentive** include all energy efficiency projects that reduce energy use and is claimable until 2020.
- Tax incentive is available for savings in all energy forms and not only electricity.
- 45 cents deduction on taxable income per kilowatt hour of energy saved
- **National Cleaner Production Centre** – resource efficiency and cleaner production methodologies



Special Economic Zones (SEZS)

- Government has identified Special Economic Zones as a mechanism that will contribute towards the realisation of its economic growth and development goals;
- And is committed to support and facilitate the designation, regulation and development of Special Economic Zones in South Africa;
- Special Economic Zones will be designated in areas to promote targeted economic activities, supported through special arrangements;
- and support systems including incentives, business support services, streamlined approval processes and infrastructure.

SEZ Value Proposition

SEZ Support Measures

Incentives Strategy	Funding Strategy	Infrastructure Strategy	Skills & Supplier Development	OSS Strategy
i) 15% Corporate Tax ii) Building Allowance iii) Employment Incentive iv) CCA v) 12i Tax Allowance	i) SEZ Fund ii) Mix of funding instruments iii) PPPs	i) Bulk infrastructure by government through SEZ Fund ii) SEZ Locations iii) Various stakeholders roles in providing infrastructure in and out of zone	i) Skills dev. Strategies for SEZs ii) Supplier development programmes to develop our local businesses iii) Continuous training of civil servants	i) To reduce info search & transaction cost ii) Facilitate permits & licences for investors iii) Eliminate steps in approvals iv) After care

INCENTIVE SCHEMES

CLUSTER	INCENTIVE SCHEME
MANUFACTURING INVESTMENT	• 12i Tax Incentive • Automotive Incentive Scheme (AIS) • People-carrier Automotive Investment Scheme (P-AIS)
COMPETITIVENESS INVESTMENT	• Manufacturing Competitiveness Enhancement Programme (MCEP) • Export Marketing & Investment Assistance (EMIA) • Capital Projects Feasibility Programme (CPFP)
SERVICES INVESTMENT	• Film & Television Production • Business Process Services (BPS)
BROADENING PARTICIPATION	• Black Business Supplier Development Programme (BBSDP) • Co-operative Incentive Scheme (CIS) • Incubator Support Programme (ISP)
INFRASTRUCTURE INVESTMENT	• Critical Infrastructure Programme (CIP)

the dti's Investment Services

- Sector Information
- Finance to explore investment opportunities in SA
- Facilitating direct Government support in the form of:
 - - information on investing in SA and the Business Environment
 - - detailed investment Incentives
 - - investment facilitation
 - - after care – ongoing contact

Contact Details

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