



**THE SOUTH AFRICAN
ECONOMY AND THE
COVID-19 CRISIS:
RECOVERY AND
RENEWAL**

AN ADDENDUM TO
"THE CASE FOR INVESTING IN SOUTH AFRICA"



Inspiring new ways



**SOUTH AFRICA
INVESTMENT CONFERENCE**
Accelerating Economic Growth by Building Partnerships



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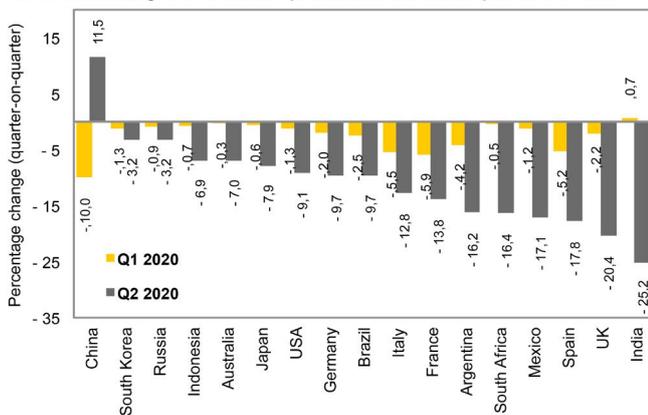
**ECONOMIC
RECOVERY AND RENEWAL
AFTER AN UNIMAGINABLE
SETBACK**

SOUTH AFRICA AMIDST THE GLOBAL COVID-19 PANDEMIC: A MAJOR BLOW TO THE ECONOMY

- The COVID-19 pandemic and measures to contain its spread have severely disrupted economic activity across the world. Constrained by lockdown restrictions on personal mobility and business operations, spending and production levels around the globe plummeted in the first half of 2020.
- International trade in goods and services was severely disrupted, impacting adversely on global supply chains and production activity. Restrictions on international travel have had a devastating impact on world tourism and the air transportation industry.
- The world economy has been plunged into the deepest peace-time recession since the Great Depression of the 1930s, with massive employment losses, increased poverty and inequality.
- Most segments of the South African economy were in complete shutdown under alert level 5 (27 March to 30 April 2020) and alert level 4 (1 to 31 May 2020). The restrictions imposed unprecedented demand- and supply-side shocks on the economy, having had a major bearing on spending, production, exports, investment activity and employment.
- South Africa's real gross domestic product declined by 16.4%, on a quarter-on-quarter basis, in the second quarter of 2020, broadly comparable to the performance of several of its emerging market peers. With the exception of agriculture, all broad sectors of the economy recorded sharply lower output.
- In a highly adverse economic environment characterised by extraordinary levels of uncertainty, many of the fixed investment plans of private enterprises were either postponed or re-evaluated. Nevertheless, considerable inflows of foreign direct investment were recorded in the first two quarters of 2020.
- The COVID-19 pandemic is currently under control in South Africa and mortality rates are quite low.

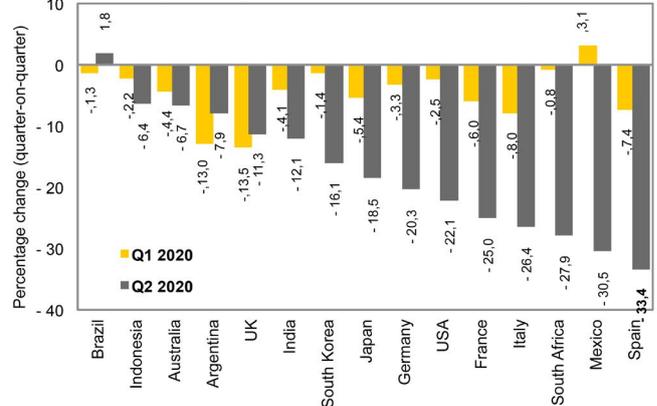
Like most others, South Africa's economy was not spared ...

Growth in real gross domestic product in the first 2 quarters of 2020



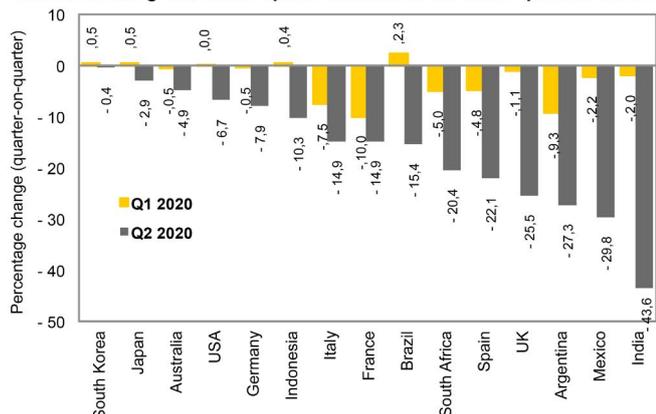
exports tumbled as large parts of the global economy shut down

Growth in real exports of goods & services in the first 2 quarters of 2020



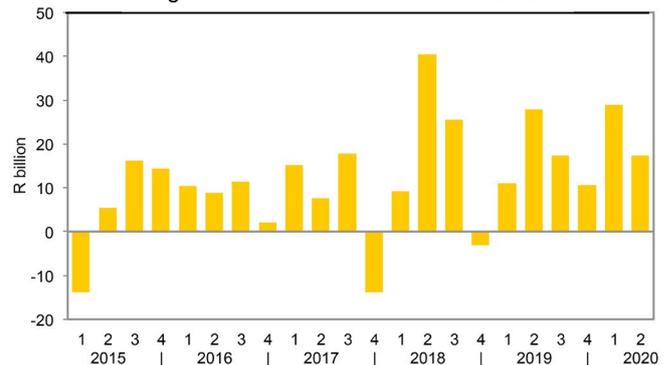
Investors worldwide postponed or re-evaluated investment plans ...

Growth in real gross fixed capital formation in the first 2 quarters of 2020



FDI flows into SA remained positive in the first half of 2020

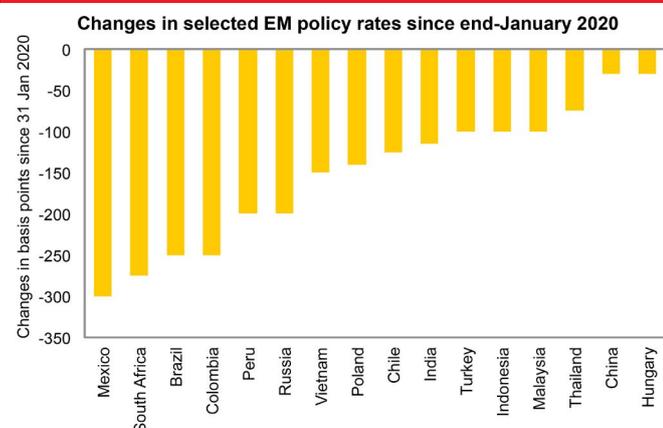
Foreign direct investment flows into South Africa



SOUTH AFRICA AMIDST THE GLOBAL COVID-19 PANDEMIC: SUBSTANTIAL RELIEF PROVIDED

- The rapidly evolving COVID-19 pandemic called for decisive actions by governments around the globe to not only put measures in place to prevent the spread of the virus, but also to soften their impact on economies and employment levels.
- Governments across the world introduced massive support packages, including monetary and fiscal support measures, to soften the impact of the crisis and support the economic recovery. Collectively, such packages totalled USD11.7 trillion, equivalent to 12% of world GDP, according to International Monetary Fund (IMF) estimates.
- South Africa's unprecedented fiscal relief package totaled approximately ZAR500 billion. Representing almost 10% of GDP, it was among the highest in the developing world.
- Pressure to alleviate socioeconomic challenges and enhance healthcare services, accompanied by a large shortfall in tax revenue due to much weaker levels of economic activity, resulted in a worsening of state finances. The main budget deficit is projected to widen to 14.6% of GDP in the current fiscal year and gross government debt to be equivalent to 81.8% of GDP.
- The South African Reserve Bank (SARB) acted speedily and aggressively, having lowered the repurchase (repo) rate by a cumulative 275 basis points since end-January 2020 to provide relief to households and business enterprises. At 3.50% presently, the policy rate is at its lowest in almost 50 years. The SARB also purchased government bonds in the secondary market to inject liquidity into the financial system and ensure its efficient functioning.

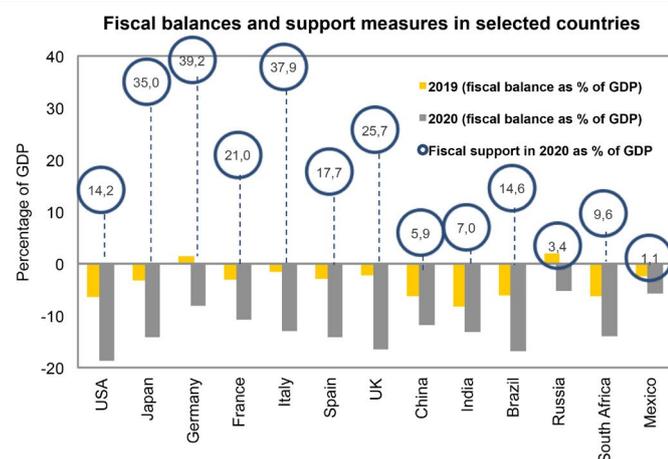
Central banks have come to the fore by lowering policy rates ...



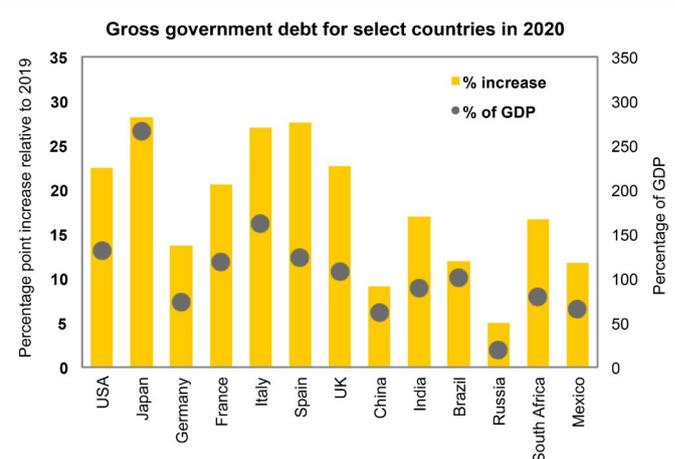
South Africa put forward a sizeable and diverse fiscal relief package

Support to vulnerable households: >ZAR50 billion	Wage protection via Unemployment Insurance Fund: >ZAR40 billion	Job creation initiatives: ZAR100 billion over MTEF period
Healthcare and other frontline services: > ZAR30 billion	COVID-19 related assistance to municipalities: ZAR20 billion	Emergency tax measures: ZAR70 billion
Government-backed credit guarantee scheme to support business enterprises: ZAR200 billion	Development finance assistance and support programmes	

Substantial deterioration of fiscal balances across the world ...



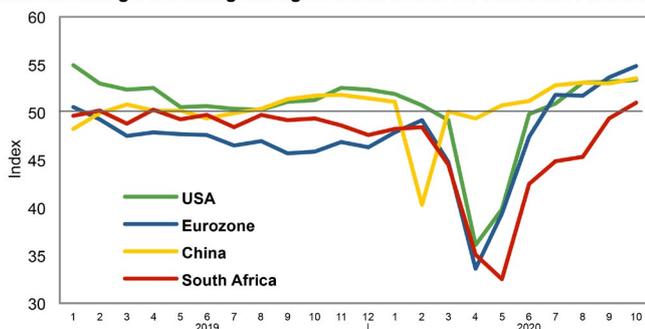
leading to sharply higher levels of gross government debt



GLOBAL ECONOMIC RECOVERIES GRADUALLY TAKING HOLD, BUT RISKS ABOUND

- Signs of recovery in production activity have been emerging globally, with third quarter data reflecting strong rebounds in major economies. However, economic conditions remain generally challenging.
- Merchandise trade flows are yet constrained by subdued world demand and travelling restrictions continue to affect services trade, especially tourism.
- High levels of uncertainty are still impacting negatively

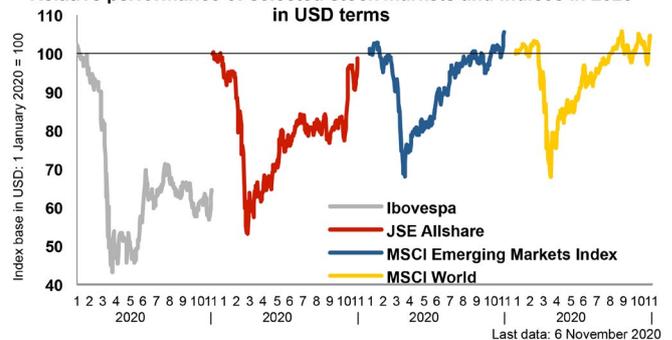
Manufacturing Purchasing Managers Index trends for selected countries



on investment spending and plans.

- A resurgence of COVID-19 infections in Europe and the United States is leading to renewed restrictions, raising concerns over growth prospects and underpinning renewed volatility in global markets.
- Although extraordinary fiscal and monetary support continues to target economic activity in the world's largest economies, a revival in consumer and business confidence is critical for sustained recoveries.

Relative performance of selected stock markets and indices in 2020 in USD terms



Sources of charts: IDC, compiled using IHS Markit and Bloomberg data

Certain global trends have been intensified by the COVID-19 induced crisis ...

Global production

- Altering patterns of globalisation, including regionalisation and localisation of production, on the back of nationalistic forces, protection of employment
- Intensifying competitive pressures worldwide
- Global supply chains reassessed to diversify sources of inputs (to minimise supply disruption risks) and enhance robustness
- Reducing physical distance of supply chains due to technological advances (for example, additive manufacturing bringing production closer to consumption points)
- Increasing contributions from emerging markets and developing economies to world GDP
- Growing focus on climate change mitigation and adaptation

Global trade

- Increased protectionism / nationalism associated with trade wars between economic powers
- Fundamental changes to the multilateral trading regime, weakened global governance structures
- World export growth underperforming global GDP growth
- Changes in global supply chains (for example, re-shoring) impacting on merchandise trade
- Trade in services and non-merchandise (for example, software, e-commerce) expanding due to technological advances

Global finance

- Low inflationary pressures globally, permitting central banks to maintain accommodative monetary policy stances
- Limited space for conventional monetary policy action in many countries as real interest rates are at historical lows or negative
- Various central banks continuing to provide massive liquidity through quantitative easing
- Fiscal interventions supporting monetary policy in economic recovery efforts
- Fast-rising liquidity to support economic recoveries could prove difficult to unwind
- Escalating governmental and corporate debt levels are posing major risks to global financial stability

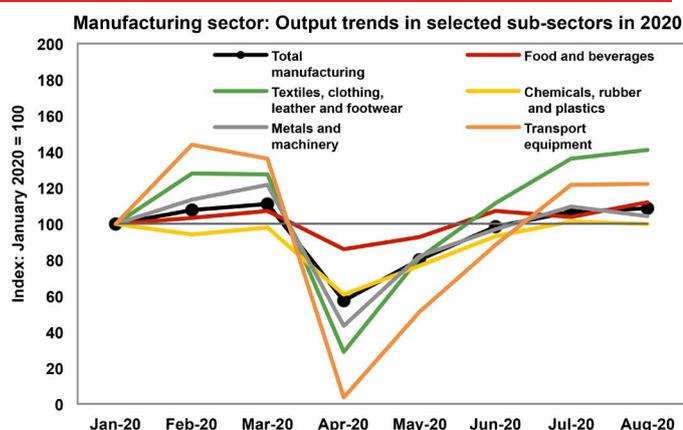
Global investment

- Lower foreign direct investment (FDI) flows due to high levels of uncertainty
- Changes to supply chains are leading to increased investment activity outside of traditional destinations
- Global capital being increasingly channelled towards environment-supportive investment and initiatives
- Excessive volatility in financial and currency markets due to shifting global capital flows as investor portfolios are rebalanced, risk aversion intensifies
- Intensifying competition for FDI, using incentive measures and structural changes to improve domestic competitiveness

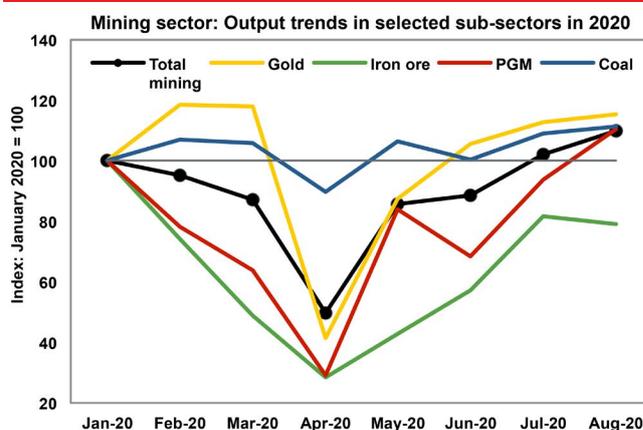
SOUTH AFRICA'S ECONOMY ON THE ROAD TO RECOVERY: ACTIVITY LEVELS GRADUALLY NORMALISING

- High-frequency data for key segments of the South African economy have reflected a rebound in economic activity during the third quarter of 2020, albeit from low bases.
- Manufacturing output has recovered, with overall output in July and August 2020 exceeding the level recorded in January (i.e. prior to the onset of the COVID-19 pandemic). All broad sub-sectors of manufacturing contributed to the improving output trend since April 2020. However, total manufacturing output in August 2020 was still 10.8% lower on a year-on-year basis.
- Overall mining production in July and August 2020 was above the levels recorded in January. Positive contributions to this recovery came from the sub-sectors mining gold, coal and platinum group metals (PGM), among others. The iron ore mining sub-sector, however, reported lower output levels than at the start of the year, while total mining output in August 2020 was still 3.3% lower on a year-on-year basis.
- Retail and wholesale trade sales have improved since the lows reached in April 2020, but overall activity at present is still weaker than in January.
- On the external trade front, mining exports rose sharply to ZAR160.1 billion in the third quarter of 2020, from ZAR116.5 billion in the previous quarter. For the nine months to September 2020, mining exports were 21.4% higher in nominal value terms compared to the same period last year. Sturdy agricultural production is also supporting South Africa's export performance. Export-oriented manufacturing enterprises are generally under pressure as recessionary conditions continue affecting demand in key global markets.

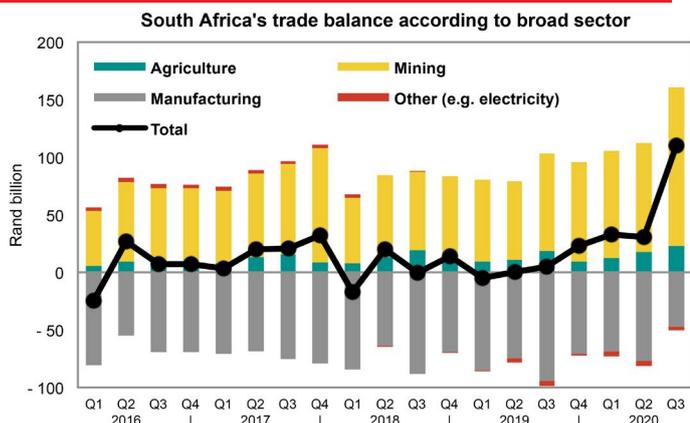
Manufacturing output recovered, but adverse conditions persist



Mining output above January levels in key sub-sectors



Export rebound and weak import demand led to large surpluses ...



... but key manufacturing export categories still under pressure

Export performances: Cumulative totals for the period January – September 2020 compared to the same period in 2019

Largest increases in cumulative export values (HS 4 based, in ZAR bn)		Largest decreases in cumulative export values (HS 4 based, in ZAR bn)	
Platinum	39.6	Motor vehicles	-23.5
Gold	33.1	Goods vehicles	-11.7
Citrus fruit	7.7	Manganese ore	-7.6
Iron ore	7.6	Crude oil	-7.1
Precious metal ores	5.4	Ferro alloys	-6.4

GROWTH OUTLOOK FOR THE SOUTH AFRICAN ECONOMY IN THE MEDIUM-TERM

- South Africa's gross domestic product is expected to decline by between 7.5% and 9.5% in real terms in 2020, according to most forecasts. Projections of the rebound anticipated in 2021 range from 2.0% to 4.5%, with modest economic growth generally forecast for the subsequent year.
- Operating and trading conditions are likely to remain difficult for some time, implying that the economy's recovery will be gradual. Structural challenges will continue to constrain its growth potential in the medium-term, but these should be progressively addressed as envisaged in South Africa's Economic Reconstruction and Recovery Plan.
- Household consumption spending will be adversely affected by job losses, lower disposable incomes and uncertainty in the shorter term, while fixed investment activity is only likely to start recovering meaningfully once there are clearer signs of a sustained normalisation of consumption and production domestically as well as globally. A significant recovery of consumer, business and investor confidence is crucial for economic expansion.
- South Africa's export performance is expected to remain sub-par in the short-term due to weak global demand, but a gradual recovery is anticipated in the medium-term as economic conditions improve in world markets. Export development opportunities are likely to emerge progressively in regional markets as the Africa Continental Free Trade Area agreement is implemented.
- Monetary policy is likely to remain growth-supportive, thus continuing to provide some relief to businesses and consumers. However, there will be limited space for additional fiscal support in light of government's commitment to fiscal consolidation and debt stabilisation. A dedicated focus on improving and strengthening revenue collection, ensuring better utilisation of limited resources, clamping down on the illegal economy, as well as prioritising expenditure for greater impact, should contribute in this regard.

Real GDP growth projections for the South African economy

	2020	2021
South African Reserve Bank (September 2020)	-8.2%	+3.9%
National Treasury (October 2020)	-7.8%	+3.3%
Industrial Development Corporation (October 2020)	-8.5%	+3.3%
International Monetary Fund (October 2020)	-8.0%	+3.0%
Bloomberg consensus (October 2020)	-8.2%	+3.9%

The South African economy has the potential to post faster growth than is currently projected if the Economic Reconstruction and Recovery Plan is implemented timeously and effectively.

Ongoing global developments bring about opportunities

The COVID-19 global economic crisis and associated national lockdowns have brought to the fore important economic opportunities for South Africa going forward, largely related to the following developments:

- The strategic imperative for companies all over the world to diversify their sources of supply. This may open up opportunities for further integration of South African businesses into global supply chains; other export market development opportunities; and import replacement in the domestic market;
- An increased awareness of the importance of environmental sustainability across the world, leading to growing calls for an enhanced focus on climate change mitigation and adaptation action;
- The extent to which digital technologies have been swiftly embraced, especially digital communication technologies, during these extraordinary times. A huge acceleration in the uptake of the digital revolution may thus ensue as the world emerges from the current crisis.



SOUTH AFRICA'S ECONOMIC RECONSTRUCTION AND RECOVERY PLAN IS ROOTED ON A SOLID SOCIAL COMPACT

“We are determined not merely to return our economy to where it was before the coronavirus, but to forge a new economy in a new global reality.”

President Cyril Ramaphosa

- South Africa’s Economic Reconstruction and Recovery Plan (ERRP) aims to rekindle economic activity in a manner that ensures sustainability, resilience and inclusiveness. Its employment focus seeks to ensure that the objectives of inclusive economic growth and socio-economic transformation are achieved.
- Economic stabilisation will be supported by increasing policy certainty, structural reforms and infrastructure development, which will yield competitiveness improvements, stimulate investment activity and create employment opportunities.
- The ERRP is anchored by a solid socio-economic compact between government, business, labour and community partners, who collectively agreed to a long-term strategy that will position the economy for sustainable economic growth and inclusive development.
- The plan is phased, with the first phase (next 6 months) focusing on the preservation of economic activity and livelihoods; the second phase (subsequent 6 to 12 months) aimed at recovering economic activity and implementing required reforms; and the third phase entailing action targeted at growing and transforming the South African economy, which will take longer than 12 months.
- Emphasising that execution is key, the ERRP elaborates on the institutional arrangements which will underpin its effective implementation (the Implementation Plan may be accessed by clicking on the link https://www.gov.za/sites/default/files/gcis_document/202010/implementation-plan.pdf).

Core elements of the Economic Reconstruction and Recovery Plan

<p>Priority interventions for economic recovery</p>	<ul style="list-style-type: none"> • Infrastructure investment • Strategic localisation, industrialisation and export promotion • Energy security • Green economy • Food security • Tourism recovery and growth • Presidential employment stimulus • Gender equality and economic inclusion 	
<p>Key enablers to restore growth</p>	<ul style="list-style-type: none"> • Macroeconomic framework for fiscal sustainability • Regulatory changes to enable growth • Building a capable state • Economic diplomacy and African integration • Skills development 	
<p>Outcomes targeted</p>	<ul style="list-style-type: none"> • Achieve sufficient, secure and reliable energy supply within two years • Create and support over 800 000 work opportunities to respond to job losses • Unlock more than R1 trillion in infrastructure investment • Reduce data costs for every South African and expand broadband access to low-income households • Reverse the decline of the local manufacturing sector and promote reindustrialisation through exports • Resuscitate vulnerable sectors such as tourism, which have been hardest hit by the effects of the pandemic 	



**SECTOR
PERSPECTIVES AND
OPPORTUNITIES**

STRATEGIC PRIORITY FOCUS AREAS TO DRIVE LONG-TERM GROWTH

AGRICULTURE AND AGRO-PROCESSING

- The further development of agricultural value chains is a key pillar of South Africa's economic recovery, inclusive growth and industrialisation strategies, opening up a myriad of opportunities for businesses, emerging entrepreneurs and rural communities.
- Access to land for commercial and subsistence farming will be increased substantially, with marginalised land put to productive use (700 000 ha of underutilised state land will soon be available for public leasing).
- Land rights issues will be addressed and support to emerging and small-scale farmers will be enhanced.
- Strategies to drive consolidated buying and market linkages aim to reduce market risks for producers.
- Investment in water infrastructure, incl. wastewater treatment, along with strategic programming for water security, equitable water resource sharing and allocation.
- Strategies to enhance R&D and smart technology absorption in agriculture.



Enhanced value proposition of investment opportunities

Enhanced agro-processing competitiveness

Sectoral master plans to unlock growth

Policy support to agrarian development and transformation

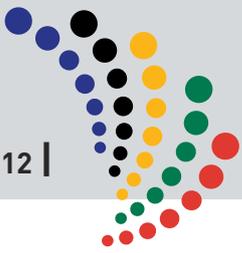
Industrial and trade policies supportive of investment

Reduced supply chain concentration & project risks

- Investment opportunities in agriculture, livestock and fisheries production and processing across several value chains.
- Master plans for the Poultry and Sugar value chains, which are already in implementation, aim to increase domestic consumption and export-orientation, improve competitiveness, raise production and investment, contribute to socio-economic and rural development, as well as lead to sector transformation.
- The broader Agricultural and Agro-processing Masterplan is being finalised.
- As an integral part of the District Development Model, the Comprehensive Land and Agrarian Strategy focuses on the development of Commodity Corridors and Commodity Production Schemes at the district level. Agri-parks and Farmer Production Support Centres will assist farmers in extracting value from their assets.
- Reconfigured industrial incentives for agro-processing will reduce project development and funding risks, boosting the sector's investment proposition.
- Regulatory framework for biofuels gazetted in February 2020.
- Trade policy to enhance access to key external markets for producers in the field crops, horticultural and livestock value chains, as well as protect local industry.
- Support market growth for sustainable agriculture technology solutions such as controlled environment production (e.g. hydroponics), agri-related renewable energy technologies, drone and mobile communications applications.
- Measures to reduce high concentration levels in agricultural inputs supply, agro-processing and food retail to enhance competitiveness and inclusive development.

Some of the investment opportunities

- Fruit and vegetable packaging and canning, juice processing
- Oil seed production, edible oil processing, oilcake
- Processing of soy-based products
- Grain sorghum production, malt industry development
- Nut farming (e.g. macadamia, walnut) and processing
- Processing of organic, vegetarian, dehydrated foods
- Meat processing, including ostrich meat
- Expansion of dairy value chain
- Expansion of bakery and confectionery production
- Expansion of aquaculture (abalone, mussels, trout), canning of freshwater fish
- Extraction of high-value additives, nutraceuticals
- Production of aromatics, flavourants
- Non-edible oil processing
- Commercial-scale planting of indigenous plants, including flowers
- Production of medicinal extracts, incl. cannabis-based
- Crop production for feedstock into biofuels processing
- Wool and mohair production and processing
- Production of artemisinin for malaria medicaments
- Flax production
- Forestry development



STRATEGIC PRIORITY FOCUS AREAS TO DRIVE LONG-TERM GROWTH

MINING

- The expansion and revitalisation of economic activity across mining value chains forms an integral part of South Africa's reindustrialisation strategy, leveraging on the country's vast mineral resource endowment, comparative advantages and industrial development capital.
- There is a strong emphasis on renewed investment in exploration activity and the expansion of production capacity to unlock economic resources and enhance competitiveness in mining value chains, as well as on mineral beneficiation for value addition to such resources.
- Enhanced policy certainty and adequate investment protection will reduce risk for investors and existing players.
- The diversified structure of South Africa's mining sector, with various commodity value chains competitively positioned on global production cost curves, supports the case for value-accretive long-term investment in the sector.



Enhanced value proposition of investment opportunities

Developed mining sector with strong backward and forward economic linkages

Policy certainty supports investment across diverse mineral resource portfolio

Strong technical mining expertise reduces project development risk

Dominant supply-side position across various mineral value chains

- Industrial policy support for mining exploration reduces funding risk premia for new mine development and unlocks early-stage value chain investment opportunities for private equity capital across numerous mining value chains.
- Diverse mineral resource portfolio presents investment opportunities across precious metals, energy minerals, ferrous and non-ferrous metals, as well as other industrial minerals.
- New mining investment to be stimulated by substantially reduced (at least halved) timeframes for mining, prospecting, environmental as well as water use licenses, which are key enablers for mining operations.
- Technical development leadership in new-generation mining presents significant investment opportunities for digital applications to unlock the country's mineral resources.
- Petroleum Resources Development Bill will be finalised, thereby unlocking the upstream development potential associated with South Africa's oil and gas reserves.
- Growth of the global green hydrogen economy presents significant opportunities to leverage South Africa's leadership position in the world's PGM supply chain.

Some of the investment opportunities

- PGMs beneficiation, development of fuel cell industry
- Increased iron ore beneficiation through revitalisation of downstream manufacturing capacity
- Manganese value chain development
- Vanadium as a strategic input to energy storage
- Development of titanium value chain, especially titanium dioxide
- Ferrochrome production, revitalising chrome value chain
- Coal beneficiation opportunities such as coal-bed methane
- Coal ash beneficiation (e.g. production of cementitious materials for construction industry; to address acid mine drainage)
- Carbon capture and storage
- Oil and gas



STRATEGIC PRIORITY FOCUS AREAS TO DRIVE LONG-TERM GROWTH

MANUFACTURING

- The reindustrialisation of South Africa’s economy is a key element of the ERRP. Objectives include expanding and diversifying the manufacturing base, improving its competitiveness and dynamism, increasing its participation in regional and global markets, reducing concentration levels and achieving effective transformation.
- Disruptions to global supply chains caused by COVID-19 related lockdowns have highlighted the strategic imperative for companies all over the world to diversify their sources of supply, opening up opportunities for South African manufacturers.
- A suite of industrial policy measures is unlocking growth opportunities in priority industries including automotive; clothing, textiles, leather and footwear; chemicals and plastics; steel and metals fabrication; gas; green industries; and, among others, the digital economy and related high tech sectors.
- The social compact between government, business and labour in formulating the ERRP is underscoring a much more collaborative approach between the parties.



Enhanced value proposition of investment opportunities

Sectoral master plans to unlock growth of priority sectors

Industrial financing support and incentives

SEZs to increase operational leverage for businesses

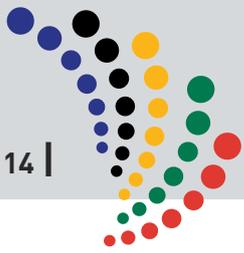
Product designations reduce market offtake risk

Regional integration presents major opportunities

- Master plans for the Automotive industry and for Retail-Clothing, Textiles, Leather and Footwear (R-CTFL) are already being implemented as mechanisms to raise investment in production capacity, create jobs, improve productivity and competitiveness, increase local consumption and exports, promote SME development, ensure sectoral transformation and encourage innovation. A master plan for Steel and Metal Fabrication is close to being finalised.
- Industrial financing support including government schemes, development finance and tax incentives, alongside spatial development initiatives such as SEZs contribute toward reducing project development risks and raising returns on investment. The new Tshwane Automotive SEZ is under construction.
- The public sector’s product designation programme reduces market offtake risks for investments in production capacity in targeted industries. An already wide list of products designated for local procurement was expanded in 2019/20 to also include plastic pipes, bulk materials handling, lead acid batteries and MV switchgear.
- The intensification of the “buy local” campaign by government and social partners, and disclosure of local procurement value by public and private sector entities, will contribute to domestic market share gains and the localisation drive. Measures to curb illegal imports will be strictly enforced and the import tariff regime will be reviewed.
- Around 40% of South Africa’s exports of manufactured goods are currently sold in other African countries. The AfCFTA’s implementation will lead to further export market development across Africa, support the development of regional value chains and South Africa’s integration therein, and deepen the manufacturing base.

Some of the investment opportunities

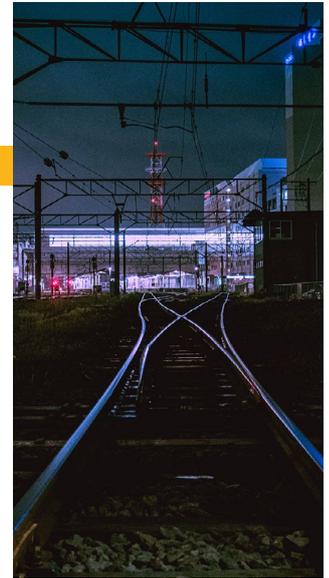
- Motor vehicles, parts and accessories, and other transport equipment (e.g. heavy vehicles, vessels)
- Machinery and equipment (e.g. minerals processing, materials handling, construction, refrigeration and power-sector related equipment, pumps and valves)
- Metals fabrication
- Basic chemicals, chemical products, speciality chemicals such as biochemicals, pharmaceutical products, cosmetics
- Personal protection equipment
- Clothing, textiles, footwear
- Fast-moving consumer goods
- Fuel cells for a variety of applications
- Energy storage
- Electronics, robotics
- Set-top boxes
- Parts and components for the aerospace and defence industries
- Medical devices and telemedical instrumentation
- Additive manufacturing, including 3D printing
- Synthetic industrial materials
- Fin-tech related advanced manufacturing



STRATEGIC PRIORITY FOCUS AREAS TO DRIVE LONG-TERM GROWTH

INFRASTRUCTURE DEVELOPMENT

- The South African economy's recovery, renewal and expansion momentum will be catalysed by a massive roll-out of investment across the energy, water, road, rail, ports, telecommunication, digital, community and social infrastructure segments.
- Following Government's approval of the Infrastructure Investment Plan in May 2020, the Sustainable Infrastructure Development Symposium (SIDSSA) held in June presented an infrastructure development pipeline comprising 276 projects. Collectively valued at an estimated ZAR2.3 trillion, some ZAR502 billion will be required to fill the projected funding gap.
- Many of the projects in this infrastructure development pipeline will be deployed through private-public partnerships (PPPs), presenting substantial and wide-ranging opportunities for private sector investment and participation. Longstanding constraints to such participation, in the form of regulatory and policy challenges, will be effectively addressed.



Enhanced value proposition of investment opportunities

Roll-out of "shovel-ready" infrastructure projects

Fit-for-purpose procurement framework for infrastructure projects

Revised regulatory framework for PPPs to crowd-in private sector

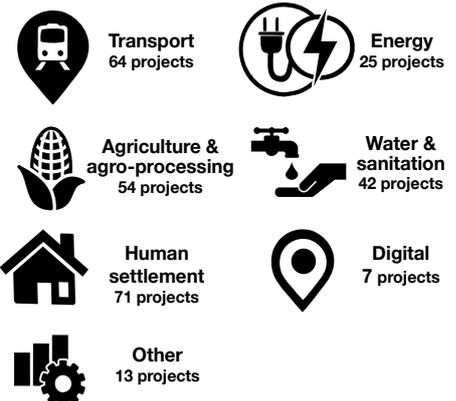
Localisation drive to enhance economic impact of infrastructure projects

- A portfolio of 50 prioritised strategic infrastructure projects and 12 special projects, gazetted in July 2020 and collectively amounting to more than ZAR340 billion in new investment, presents attractive opportunities for the private sector, including participation through PPPs.
- Around ZAR1 trillion in new infrastructure investment is expected to be leveraged by the ZAR100 billion in blended finance that the Infrastructure Fund will make available during the next 10 years.
- From the project preparation, financial structuring and implementation perspectives, private sector participation will supplement the capacitation drive currently underway at Infrastructure South Africa.
- The development of a fit-for-purpose procurement framework for infrastructure projects and an appropriate regulatory framework for PPPs will provide a more conducive environment for infrastructure investment and private sector involvement, significantly reducing project finance risks for investors.
- Sovereign funding guarantees alongside agreed partnerships with commercial banks and development finance institutions on strategic infrastructure projects significantly reduce development risks for investors.
- Fast-tracked implementation of shovel-ready infrastructure projects will present major opportunities for numerous local suppliers of material inputs and services.

Some of the investment / participation opportunities

- The programme to expand, rehabilitate and maintain the national, rural and municipal road network provides immediate opportunities for construction companies
- Water development and irrigation projects (e.g. phase 2 of the Lesotho Highlands project, Vaal River system) approved across all 9 provinces provide investment opportunities to the private sector
- Sustainable transport financing strategy will unlock development and state-backed funding opportunities for domestic road and rail construction and maintenance
- Opportunities in the rail network's modernisation and expansion
- Significant investment opportunities in catalytic infrastructure projects such as provincial development corridors, social infrastructure, telecommunications and power generation
- High-demand spectrum allocations, expected to be concluded by March 2021, will accelerate digital migration, unlock major efficiency gains for operators and open up investment opportunities for infrastructure upgrading and services in the information and communication technology (ICT) sector
- Large-scale deployment of fibre networks to accommodate the requirements of 5G

Sector spread of 276 project pipeline



Source (data) SIDSSA publication

STRATEGIC PRIORITY FOCUS AREAS TO DRIVE LONG-TERM GROWTH

ENERGY

- The ERRP calls for a “new energy paradigm”, emphasising the imperative of sufficient, reliable and affordable energy being available to support the economy’s recovery and to raise its long-term growth and development potential.
- The Integrated Resource Plan (IRP 2019) outlines South Africa’s strategic plan and roadmap for future electricity generation capacity as well as demand. It emphasises the urgency of diversifying the country’s energy basket, focusing on the development of new renewable energy (RE) generation capacity.
- Considering the coal sector’s socio-economic importance presently, a just transition to a low-carbon economy that addresses the country’s developmental challenges is imperative. This will contribute to the economy’s sustainability, resilience and competitiveness.
- The crowding-in of private sector capital and its operational participation in the energy sector are indispensable, especially in a constrained fiscal environment. It is noteworthy that a large quantum of global capital from multiple sources is being channelled towards environment-supportive initiatives across the world.
- A policy framework to enable self-generation and unbundle Eskom will significantly enhance industrial capacity and competitiveness within the energy value chain as well as related industrial sectors.



Enhanced value proposition of investment opportunities

Integrated Resource Plan provides policy framework for additional energy generation capacity

Framework for fast-tracked registration of self-generation

Priority for expanded generation capacity

Governance framework for gas-to-power projects

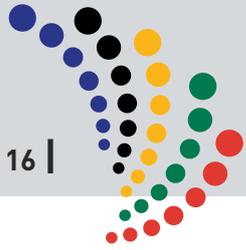
Opportunities associated with Eskom’s unbundling

- The IRP 2019 implementation will be expedited, providing substantial opportunities for private sector participation in the large-scale roll-out of RE generation, particularly wind- and solar-powered, and unlocking a wide range of green economy supply chain investment opportunities.
- An additional 2 000 MW of emergency power supply will be unlocked over the next 12 months by means of the Risk Mitigation Power Procurement Programme.
- By June 2021, agreements will be finalised with independent power producers (IPPs) to connect in excess of 2 000 MW of additional power associated with both existing projects and those concluded in bid window 4 of the REIPPPP.
- The conclusion of the framework for the governance of the gas-to-power industry and the construction of liquid gas terminals present attractive investment opportunities.
- Significant investment opportunities are to be found in efficient power transmission and distribution, while the efficiency gains and systems improvements sought by Eskom’s maintenance programme provide services-oriented investment opportunities.
- Operational stabilisation of Eskom, as committed to in the Social Compact for Energy Security, will significantly reduce energy project finance risks and boost investor confidence. Major opportunities for private sector participation are likely to emerge from the unbundling of Eskom (as outlined in the Eskom Roadmap).
- The public sector’s product designation and procurement programme creates opportunities for component manufacturers to support power generation and renewable energy development programme.

Some of the investment opportunities

Additional electricity generation capacity from 2020 to 2030 by technology:

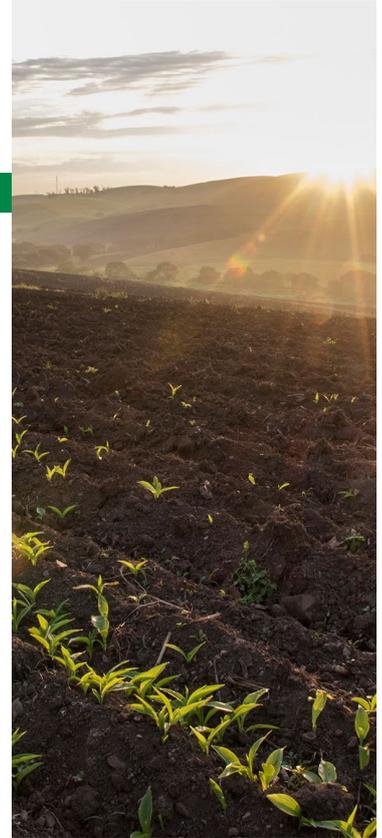
- | | |
|------------------------|--|
| • Wind – 14 400MW | • Grid-scale electricity storage – 2 088MW |
| • Solar PV – 6 000MW | • Small-scale embedded generation for own use – 4 000 MW |
| • Gas/diesel – 3 000MW | • New thermal coal powered – 1 500 MW (no allocations beyond 2027) |



STRATEGIC PRIORITY FOCUS AREAS TO DRIVE LONG-TERM GROWTH

GREEN ECONOMY

- A just transition to a low-carbon, climate-resilient, green economy forms an integral part of South Africa’s global commitments (Paris Agreement, Sustainable Development Goals) and pertinent legislation, regulations, policies and strategies, including the IRP 2019 and the Economic Reconstruction and Recovery Plan.
- The greening trajectory and related initiatives/programmes are providing numerous economic development opportunities such as:
 - The further large-scale deployment of renewable energy generation and energy storage;
 - The continued adoption of energy and water efficiency solutions;
 - The expanded retrofitting of public and private sector buildings;
 - Increased waste re-use/recycling on the back of improved management of landfill sites, the implementation of measures to encourage the diversion of waste from landfills to the industrial sector, and the revitalisation of buy-back centres;
 - The beneficiation of industrial waste;
 - Environmental rehabilitation and preservation; and, among others;
 - Forestry development, particularly through small grower support measures.
- The socio-economic benefits are likely to be enormous, with considerable job-creation potential through the strong multiplier effects at play across most sectors of the economy. Many procurement opportunities will arise for local manufacturers and other key input suppliers, both existing and prospective.
- Opportunities are also likely to emerge from the repurposing options being considered by Eskom for its Komati, Hendrina and Grootvlei power stations, which will cease operating between 2022 and 2026. According to the utility, these could include their conversion from coal to renewables; biomass-to-energy options; battery energy storage; and, among others, the development of processing facilities for coal fines.
- South Africa’s determined approach to the greening of the economy should attract a substantial share of global capital seeking environmentally-responsible applications. Supporting project development and the de-risking of financial structures, the issuance of green bonds as a funding mechanism should provide a platform for increased private sector investment, including FDI.



Some of the investment opportunities

- Renewable energy generation, particularly wind and solar PV
- Solar energy technologies and components (solar panels and inputs such as solar glass, aluminium, junction boxes and cabling; solar water geysers; timers, etc.)
- Wind turbines and components
- Adoption of energy efficiency technologies
- Energy storage
- Green hydrogen production
- Diversion of landfill waste to industry for re-use/recycling
- Recycling (e.g. plastics, paper and packaging, glass, tyres, batteries, e-waste)
- Waste beneficiation (e.g. ash, slag, gypsum, biomass)
- Waste water treatment
- Electric vehicle infrastructure and value chain development, hydrogen fuel cell based systems, greener component materials
- Green buildings related materials and products



STRATEGIC PRIORITY FOCUS AREAS TO DRIVE LONG-TERM GROWTH

TOURISM

- The tourism sector’s recovery and growth is one of the priority interventions identified in the ERRP to revitalise the expansion momentum and build a new economy.
- The tourism sector has been one of the most detrimentally affected by the global COVID-19 pandemic and measures to contain its spread. The sector is likely to remain under considerable strain over an extended period, even as economies gradually ease restrictions.
- In August 2020, the Department of Tourism issued a Sector Recovery Plan formulated under 3 strategic themes for a successful recovery: “Re-Igniting Demand”; “Rejuvenating Supply”; and “Strengthening Enabling Capability”. Within these themes, 10 strategic recommendations have been put forward with specific action plans, timeframes and accountabilities.
- The African region provides a strong platform for attracting investment capital in the tourism industry



Enhanced value proposition of investment opportunities

Policy framework to support tourism development

Measures to attract international tourists and facilitate their entry

Funding in support of sectoral transformation

- A market entry facilitation programme to support investment in the sector will be a catalyst for renewed growth, development and recovery of the tourism industry.
- Strategic focus on driving growth in the domestic tourism market.
- Governmental drive to facilitate re-entry into international tourism markets through the rollout of an automated and efficient e-visa system for low-risk travellers.
- Visa waivers to be extended to countries exhibiting source market development potential.
- Accelerated implementation of the Tourism Equity Fund aimed at supporting strategic investments that will contribute to the sector’s transformation.
- Policy reform in the sector supports the development of a wide range of high growth segments such as sports tourism, wine tourism, medical tourism, etc.



Some of the investment opportunities

- Cultural tourism
- Eco-tourism
- Adventure tourism
- Sports tourism
- Wine tourism
- Medical tourism
- Theme parks
- Investment in world heritage sites

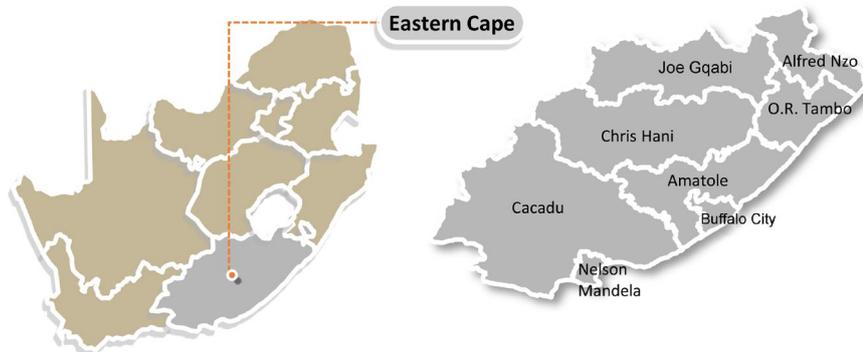




**9 PROVINCES,
A MYRIAD
INVESTMENT
OPPORTUNITIES**



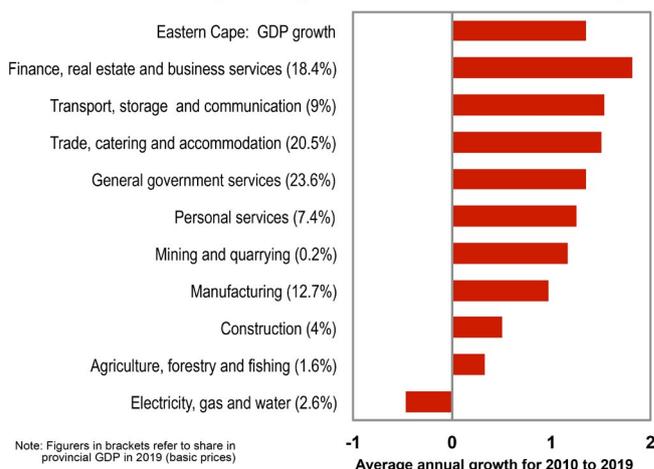
PROVINCIAL ECONOMIC AND INVESTMENT SYNOPSIS: EASTERN CAPE



Key economic indicators

Land area (square km)	169 309 (13.8% of SA total)
Population (million)	6.73 (11.3% of SA total)
GDP in 2019 (ZAR billion)	347.3 (7.7% of SA GDP)

Real GDP growth by broad sector in the Eastern Cape



PROVINCIAL ECONOMIC DEVELOPMENTAL FOCUS

- Strategic focus on the growth and development of maritime industries, agricultural production and agro-processing capacity, capital goods, automotive production, green industries (including renewables) and petrochemicals, among others
- Improved provision of healthcare services
- Development of integrated human settlements
- Stimulation of rural economic development (roads, water and sanitation, housing development) and driving land reform as well as agricultural production capacity
- Economic transformation to boost job creation and sustainable livelihoods
- Strategic focus on expanding export-oriented growth for local industries

SECTORAL STRENGTHS

- Motor vehicles, parts and accessories
- Forestry, wood and wood products
- Clothing and textiles
- Pharmaceuticals
- Leather and leather products
- Tourism
- Renewable energy (wind) generation and components manufacturing
- Film industry
- Business Process Outsourcing
- Ocean economy

EASTERN CAPE - SELECTED INVESTMENT OPPORTUNITIES

- Investments in a large refinery project, a diamond beneficiation project, a manganese plant, the automotive value chain, renewable energy projects, and in the forestry value chain

Opportunities in the Alfred Nzo District

- Agriculture and agro-processing (food processing and livestock)
- Transport and construction

Opportunities in the Chris Hani District

- Export-oriented opportunities in agriculture (sheep farming) and agro-processing, leveraging off the proximity to the ports of East London and Port Elizabeth
- Transport and logistics services to support manufacturing (agroprocessing and general trade related) growth opportunities

Opportunities in the Amathole District

- Tourism development potential, spanning the Sunshine Coast from the Fish River Mouth to the Wild Coast
- Services sector opportunities, including finance and business support, and infrastructure development
- Agriculture, including sheep farming and agro-processing

Opportunities in the OR Tambo District

- Eco-tourism development
- Agro-processing potential, including tea production
- Timber processing
- Titanium mining

Opportunities in the Cacadu District

- Agriculture investment opportunities in meat production, wool and mohair, dairy farming, deciduous fruit production, citrus, forestry
- Tourism development potential supported by national parks, game reserves and cultural assets

Opportunities in the Joe Gqabi District

- Agro-processing related to cattle and sheep farming
- Commercial forestry, wood products

Opportunities in the Nelson Mandela Bay District

- Export-oriented opportunities in the automotive value chain (vehicle assembly, manufacturing of components, parts and accessories) leveraging off the ports of Coega SEZ and Port Elizabeth
- Services opportunities (finance, insurance, R&D, education/training service providers, general business support services, BPO)
- Metals fabrication
- Manufacture of communications, medical, transport and other automotive sector related equipment
- Textiles and clothing manufacturing
- Renewable energy, gas and steam infrastructure
- Mining (manganese) and related services
- Wood products, paper, publishing
- Tourism development, including sports tourism

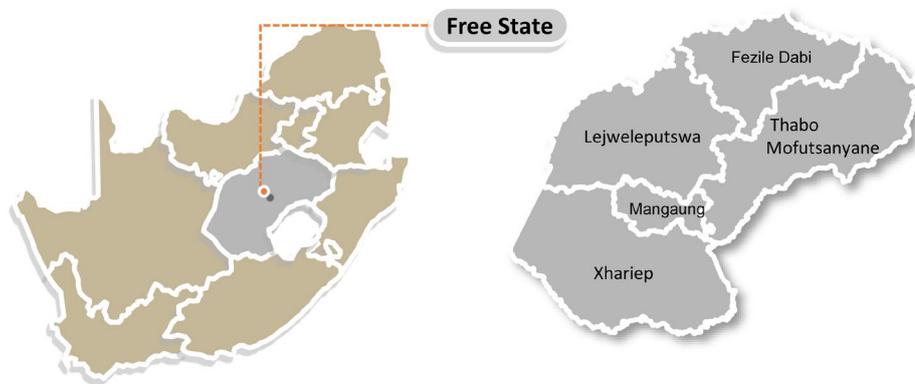
Opportunities in the Buffalo City District

- Export-oriented opportunities in East London IDZ
- Agriculture and agro-processing (fertile hinterland)
- Tourism development (Sunshine Coast)



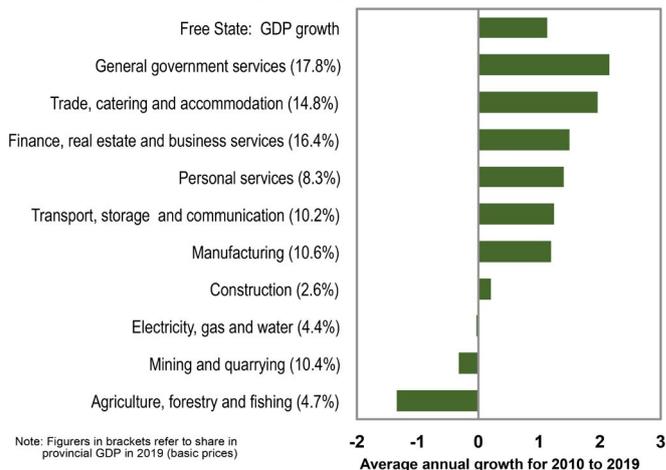


PROVINCIAL ECONOMIC AND INVESTMENT SYNOPSIS: FREE STATE



Key economic indicators	
Land area (square km)	130 011 (10.6% of SA total)
Population (million)	2.93 (4.9% of SA total)
GDP in 2019 (ZAR billion)	225.0 (5.0% of SA GDP)

Real GDP growth by broad sector in the Free State



PROVINCIAL ECONOMIC DEVELOPMENTAL FOCUS

- Leverage SEZs for economic diversification beyond mining and agriculture, with priority sectors in such zones including logistics, ICT, automotive, pharmaceuticals, agroprocessing and other manufacturing
- Diversification and expansion of agricultural base, and sector transformation
- Mitigating adverse impact of declining mining sector activity through re-use of mining infrastructure and the implementation of mine tourism initiatives
- Build sustainable human settlements and provision/extension of healthcare services
- Increased local procurement

SECTORAL STRENGTHS

- Agriculture and agro-processing
- Mining
- Petrochemicals
- Machinery and equipment
- Tourism

FREE STATE - SELECTED INVESTMENT OPPORTUNITIES

- Gold mining and processing supported by a vast mineral resource base that can be unlocked with further investment
- Developed agriculture sector and growing chemicals industry provide attractive investment opportunities
- Gauteng - Free State - KZN and N8 development corridor presents significant opportunities in freight logistics, warehousing and storage infrastructure development
- Expanding and diversifying manufacturing production capacity beyond petrochemicals

Opportunities in the Mangaung Metropolitan Municipality

- Textiles and clothing value chains
- Tourism development potential leveraging off Thaba 'Nchu
- Infrastructure development to support manufacturing and services activities

Opportunities in the Motheo District Municipality

- Sunflower seed production and processing
- Tourism development potential (Highlands of Maluti Route), leveraging off steel bridge over Caledon River (a national monument)

Opportunities in the Xhariep District Municipality

- Sheep farming and related processing value chain
- Sports tourism development potential leveraging off Gariep Dam (SA's largest dam), San rock paintings and Anglo-Boer War sites
- Aquaculture activities associated with Gariep Dam

Opportunities in the Lejweleputswa District Municipality

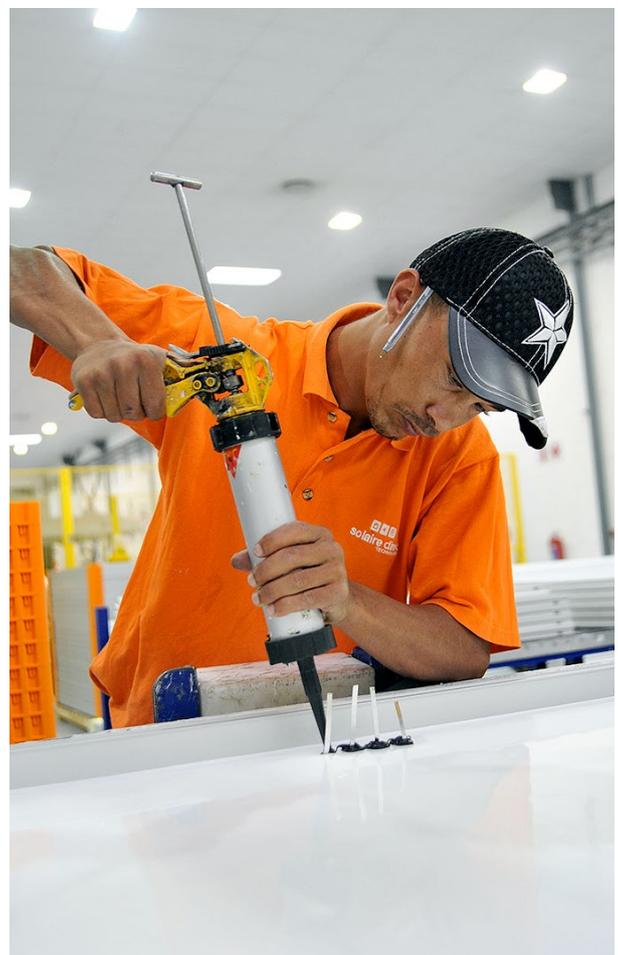
- Maize production and processing
- Jewellery beneficiation
- Tourism development potential leveraging off heritage assets

Opportunities in the Fezile Dabi District Municipality

- Sasolburg chemicals complex presents attractive manufacturing and services investment opportunities
- Agro-processing in the grains value chain
- Tourism development potential leveraging off the Vaal River and Vredefort Dome (a world heritage site)

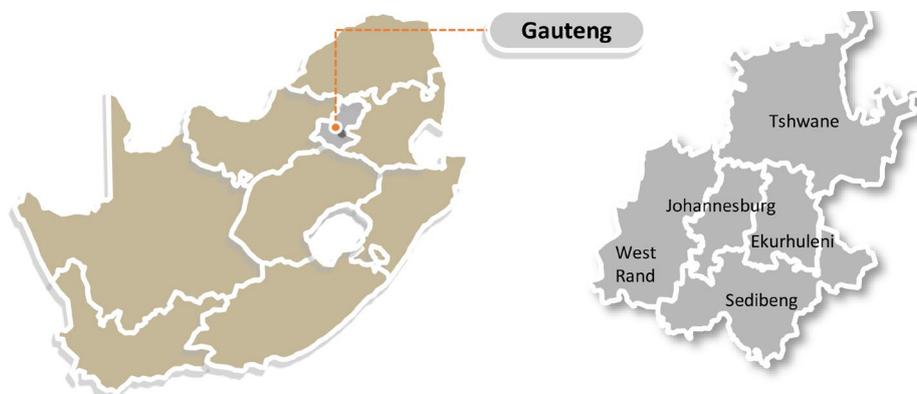
Opportunities in Thabo Mofutsanyana District Municipality

- Fruit and sunflower seed farming and processing
- Tourism development potential leveraging off Drakensberg and various cultural assets
- Investment opportunities in Harrismith multimodal transport and logistics hub





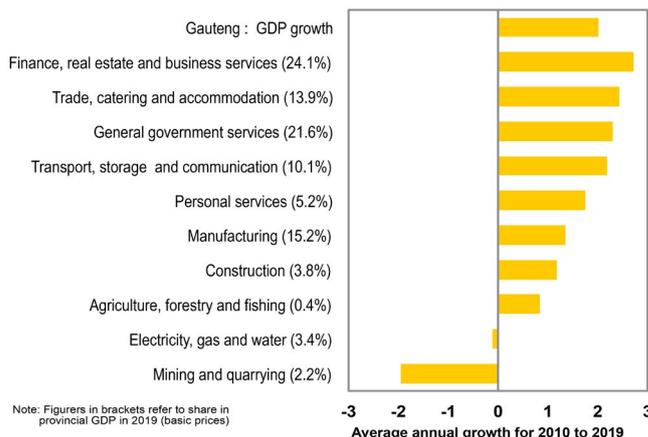
PROVINCIAL ECONOMIC AND INVESTMENT SYNOPSIS: GAUTENG



Key economic indicators

Land area (square km)	18 182 (1.5% of SA total)
Population (million)	15.49 (26.0% of SA total)
GDP in 2019 (ZAR billion)	1 554.8 (34.4% of SA GDP)

Real GDP growth by broad sector in Gauteng



PROVINCIAL ECONOMIC DEVELOPMENTAL FOCUS

- Gauteng Growth and Development Plan aims to turn Gauteng into a seamlessly integrated, globally competitive city region
- Investment promotion in SEZs with a focus on aviation, agro-processing, jewellery manufacturing, electronics and pharmaceuticals production, among others
- Water resource risk management through green hydro energy capacity development
- Development corridor strategy to channel investment for maximum economic impact
- Accelerated infrastructure delivery to enhance service delivery and spatial transformation
- Economic transformation through township economy revitalization, release of land and integrated human settlements

SECTORAL STRENGTHS

- Financial and business services
- ICT
- Transport and logistics
- Motor vehicles, parts and accessories
- Appliances
- Machinery and equipment
- Chemical products, pharmaceuticals
- Basic iron and steel, steel products
- Fabricated metal products
- Agro-processing

GAUTENG - SELECTED INVESTMENT OPPORTUNITIES

- Agricultural value chain development through implementation of rapid land release programme
- Roll-out of urban renewal programme presents attractive opportunities in social infrastructure development, maintenance and retail development
- SEZs provide significant incentives for investment in the expansion of the province's industrial base
- Opportunities in economic development corridors - City of Johannesburg (Central corridor), City of Ekurhuleni (Eastern), City of Tshwane (Northern)

Opportunities in the City of Johannesburg

- Renewable energy generation to supply into district municipalities
- Infrastructure development for flood risk management, low cost housing
- General network infrastructure development, including rail freight, expanding ICT networks
- Services opportunities through local government partnerships (including security provision, refuse collection, solid waste recycling)
- Financial and other services
- Pharmaceuticals production and numerous manufacturing activities
- Opportunities in the green and blue economies

Opportunities in the City of Tshwane

- Further development of the automotive and components industry
- Manufacturing capacity development to support the aerospace industry
- Broadband network development opportunities
- Agro-processing, research capacity development

Opportunities in Ekurhuleni:

- Logistics and transport investment opportunities leveraging off OR Tambo International Airport and the Johannesburg-Maputo corridor
- Aviation industry value chain development leveraging off the aerropolis in the vicinity of OR Tambo International Airport
- Food processing and packaging
- Environmental investment opportunities in the development and maintenance of wetlands, ridges

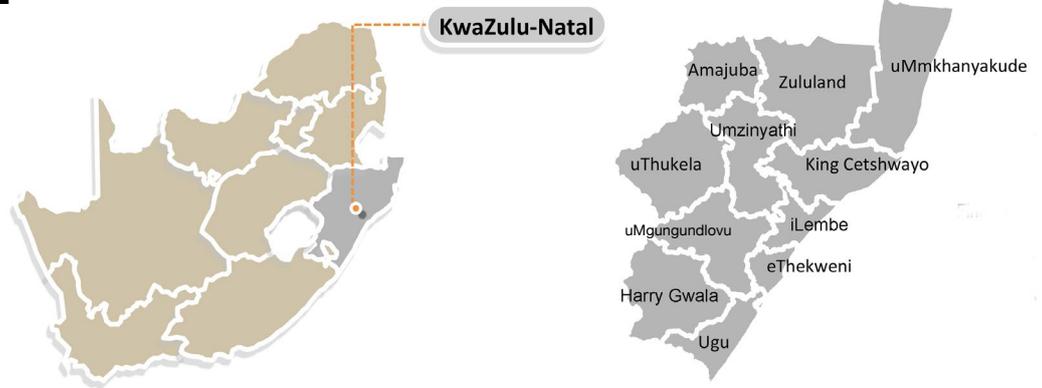
Opportunities in the West Rand

- Property development investment opportunities
- Unlocking agricultural value chain development potential associated with vast vacant land as well as above-average underground water availability and rainfall intensity



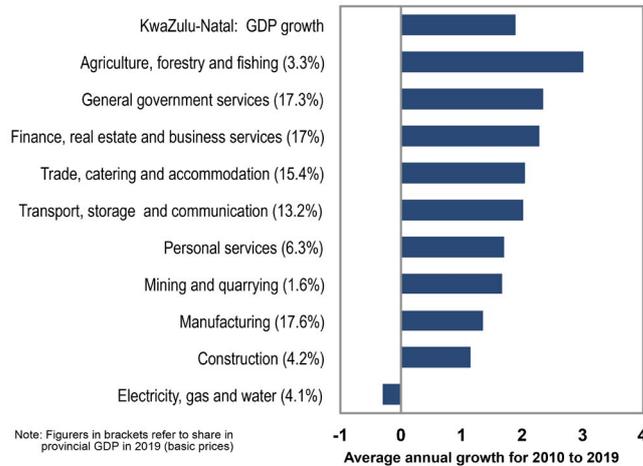


PROVINCIAL ECONOMIC AND INVESTMENT SYNOPSIS: KWAZULU-NATAL



Key economic indicators	
Land area (square km)	94 451 (7.7% of SA total)
Population (million)	11.53 (19.3% of SA total)
GDP in 2019 (ZAR billion)	722.8 (16.1% of SA GDP)

Real GDP growth by broad sector in KwaZulu-Natal



PROVINCIAL ECONOMIC DEVELOPMENTAL FOCUS

- Strategic sectoral development focus on the growth of renewable energy generation, agriculture, aloe-processing, bio-ethanol production, aquaculture, fish processing, ocean economy
- Development of innovation hubs
- Investment in the knowledge economy through ICT infrastructure development
- Strategic infrastructure development (seaports, airports, road and rail networks, sustainable water and sanitation, enhanced waste management capacity)

SECTORAL STRENGTHS

- Transport and logistics
- Tourism
- Motor vehicles, parts and accessories
- Petrochemicals
- Aluminium
- Clothing and textiles
- Machinery and equipment
- Agriculture and agro-processing
- Forestry, pulp and paper, wood and wood products

KWAZULU-NATAL - SELECTED INVESTMENT OPPORTUNITIES

- Well developed infrastructure to support export growth opportunities via major seaports (Durban, Richards Bay)
- Investment opportunities in the automotive value chain, production of textiles, clothing, footwear, plastic products, chemicals, fabricated metal products, wood and wood products, appliances, machinery and equipment

Opportunities in Ethekekwini

- Automotive supply chain, chemicals value chain, food processing
- Expansion of BPO, ICT, tourism and financial services sectors
- Infrastructure development opportunities including e-waste recycling, compressed earth blocks
- Durban Point Waterfront development, hospitality sector investments such as Umgababa Beach Resort Development on the South Coast)

Opportunities in the Amajuba District Municipality

- Manufacturing activity in the automotive supply chain, chemicals, plastics, pharmaceuticals, food processing, clothing and textiles, leather and footwear
- Attractive opportunities in soya bean production/processing
- Polysilicon production for solar power applications
- Tourism developments leveraging off natural and historical attractions

Opportunities in the Zululand District Municipality

- Development potential in eco- and cultural tourism
- Agriculture value chains (livestock, horticulture, forestry)

Opportunities in the iLembe District Municipality

- Opportunities in agro-processing, such as sugar cane-based activities
- Hospitality industry development

Opportunities in the uMgungundlovu District Municipality

- Tourism sector development
- Agro-processing (oil products, animal feed)
- Textiles manufacturing

Opportunities in the Harry Gwala District Municipality

- Agricultural development including vegetables, sorghum, wheat, livestock, dairy farming, forestry plantations

Opportunities in the Ugu District Municipality

- Diversified agricultural (sugar, macadamia nuts, tea) and agro-processing opportunities
- Soda ash production

Opportunities in the uMkhanyakude District Municipality

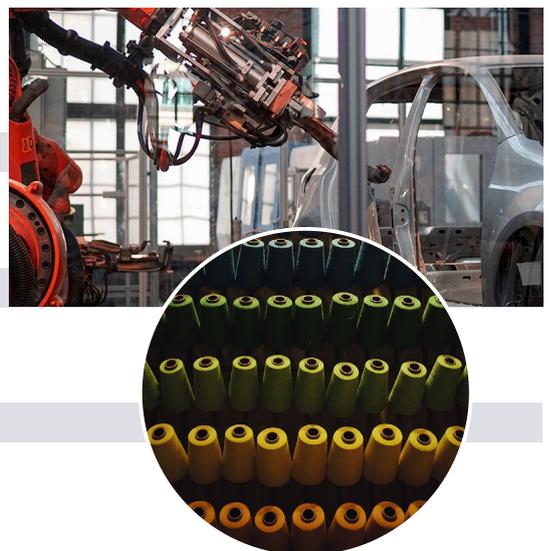
- Tourism sector investment
- Industrial starch production

Opportunities in the uThukela District Municipality

- Tourism sector development leveraging off natural attractions such as Tugela waterfall (world's 2nd tallest)

Opportunities in the King Cetshwayo District

- Agro-processing incl. pulp, horticulture, meat processing
- Metals beneficiation incl. aluminium, titanium and iron ore
- Myriad industrial development opportunities to leverage the Richards Bay IDZ incl. port optimisation services (ship building and repair, containerisation, etc.), renewable energy related manufacturing (solar, fuel cells, biomass), development of techno parks and innovation hubs





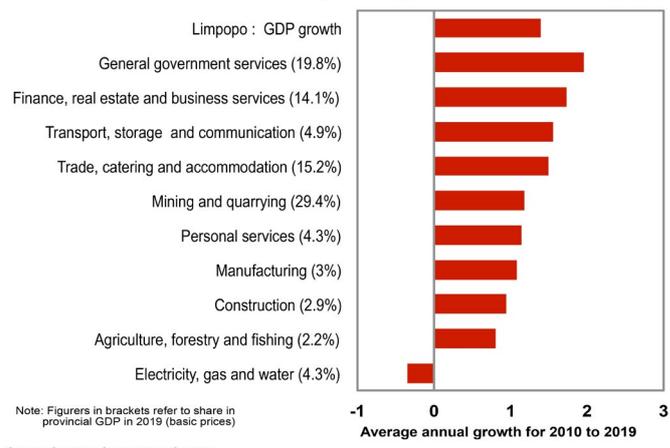
PROVINCIAL ECONOMIC AND INVESTMENT SYNOPSIS: LIMPOPO



Key economic indicators

Land area (square km)	125 806 (10.2% of SA total)
Population (million)	5.85 (9.8% of SA total)
GDP in 2019 (ZAR billion)	333.1 (7.4% of SA GDP)

Real GDP growth by broad sector in Limpopo



PROVINCIAL ECONOMIC DEVELOPMENTAL FOCUS

- Industrialisation drive through promotion and designation of SEZs, including Musina-Makhado and Fetakgomo-Tubatse, and revitalisation of industrial parks
- Agricultural infrastructure development to support agro-processing (irrigations systems, packaging facilities, processing equipment)
- Development of mining input hubs to supply goods and services to mining clusters
- Agriculture and agro-processing initiative to expand production across agricultural value chain
- Petrochemicals cluster development initiative in the Musina-Makhado SEZ
- Repositioning Limpopo as a key tourist destination, development of creative industries

- Strategic logistics hub development initiative
- Limpopo broadband telecommunication network infrastructure
- Limpopo Science and Technology Park
- Digital hubs

SECTORAL STRENGTHS

- Mining
- Fertilisers
- Tourism
- Agriculture
- Agro-processing
- Energy generation, including renewables (solar)
- Digital infrastructure and technologies

LIMPOPO - SELECTED INVESTMENT OPPORTUNITIES

- Diverse mineral resource endowment offers exploration, extraction and processing opportunities in platinum, coal, chrome and diamonds
- Well established farming industry has positioned agro-processing as a major growth sector
- Various industrial capacity development opportunities leveraging of the Musina-Makhado SEZ

Opportunities in the Capricorn District

- Several investment opportunities in agro-processing and the establishment of packaging facilities for products such as citrus, potatoes and tomatoes

Opportunities in Greater Sekhukhune District

- Significant potential in commercial-scale production of maize, tobacco, peanuts, vegetables, sunflower seeds and cotton
- Platinum mining and beneficiation potential

Opportunities in Mopani District

- Agro-processing opportunities leveraging off an established food production sector, including canned, preserved and dried fruit, as well as vegetable juices
- High yielding vegetable and fruit production in areas such as Tzaneen and Letaba Valley (mangos, avocados and tomatoes)
- Tourism sector investment potential as an important gateway to the world-renowned Kruger National Park
- Established mining production in phosphate and phosphoric acid (Foskor) has scope for further development and investment

Opportunities in the Vhembe District

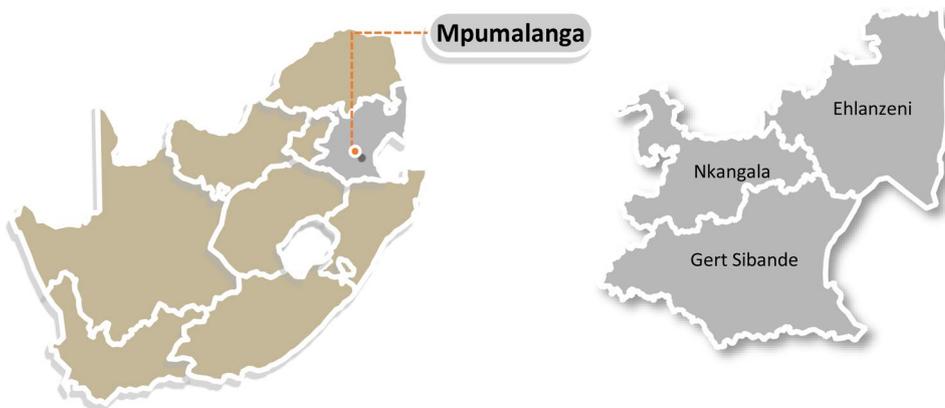
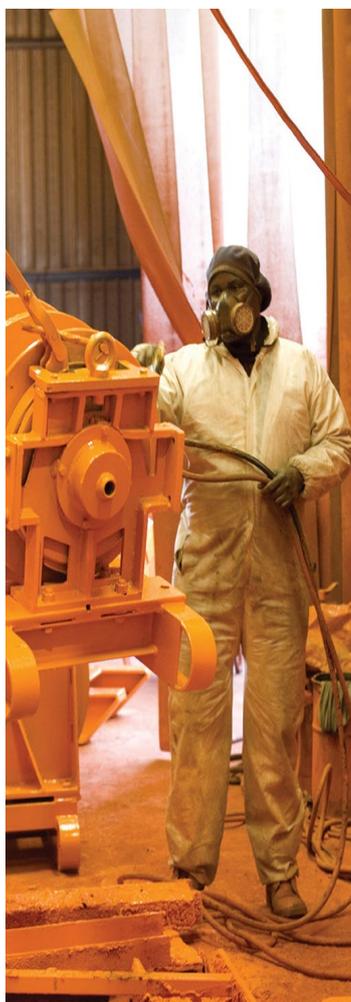
- Primarily anchored by the district's agriculture sector
- Vast bushveld supports commercial and game farming
- Cultural and historical assets along the Ivory Route provide a strong basis for eco-tourism investments
- Diamond mining investment potential (Venetia Mine, owned by De Beers, is SA's largest diamond producer)
- Expansion of tea production capacity

Opportunities in the Waterberg District

- Mining constitutes the district's main economic activity and its minerals-rich Bushveld Igneous Complex (platinum group metals, base metals, iron ore and tin) presenting enormous investment potential
- Coal mining opportunities in the Waterberg Coal Fields. Lephalale town is the epicenter of the district's coal mining and power generation
- The hot springs at Bela-Bela underpin opportunities for further tourism value chain development

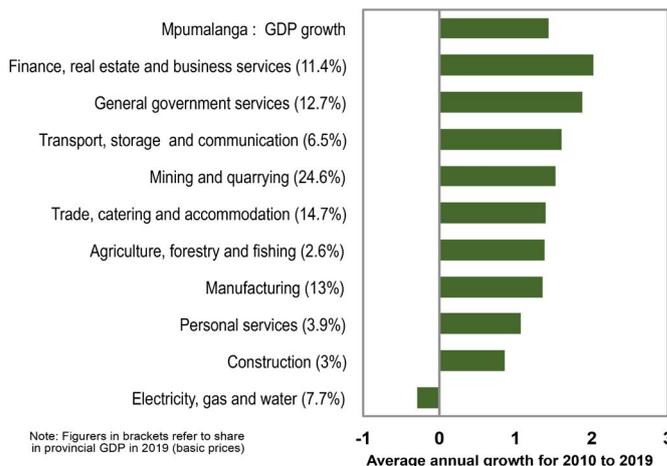


PROVINCIAL ECONOMIC AND INVESTMENT SYNOPSIS: MPUMALANGA



Key economic indicators	
Land area (square km)	76 544 (6.2% of SA total)
Population (million)	4.68 (7.8% of SA total)
GDP in 2019 (ZAR billion)	341.7 (7.6% of SA GDP)

Real GDP growth by broad sector in Mpumalanga



PROVINCIAL ECONOMIC DEVELOPMENTAL FOCUS

- Strategic focus on beneficiation and economic diversification through manufacturing sector growth, with agro-processing as a strategic priority
- Nodal development through corridor investment in five primary nodes, namely Witbank/Emalahleni, Middelburg, Mbombela/Nelspruit, Secunda and Ermelo
- Tourism development and investment in five functional precincts, namely Sabie, Graskop, Mbombela and Kruger National Park
- Forestry sector development

- Agricultural sector development through the expansion of commercial farming activities
- Infrastructure investment aimed at mining and energy related development
- Urban development

SECTORAL STRENGTHS

- Mining
- Tourism
- Forestry, paper products, wood and wood products
- Agriculture and agroprocessing
- Metal products

MPUMALANGA - SELECTED INVESTMENT OPPORTUNITIES

- Abundant mineral resources support investment opportunities in mining development potential, including coal, gold, platinum, chrome, zinc, cobalt, copper, iron and manganese, as well as metals fabrication, including the production of stainless steel and ferro-alloys
- Agricultural production, including citrus fruit, vegetables and sugar, as well as agro-processing
- Attractive manufacturing investment and export development opportunities in petrochemicals, agroprocessing, as well as paper and pulp
- Opportunities associated with South Africa's transition to a low carbon economy, including:
 - Development and commercialisation of 'cleaner' coal technologies (lower ash and sulphur)
 - Application of new coal-fired electricity generation technologies such as ultra-supercritical coal generation power plants
 - Beneficiation of high ash content coal resources and waste material for industrial applications
 - Repurposing options for decommissioned Eskom power stations
- Investment potential leveraging off the Maputo development corridor, a well-established rail network and the Kruger Mpumalanga International Airport
- Tourism development potential anchored on natural resources

Opportunities in the Ehlanzini District

- Significant tourism development potential supported by valuable ecological assets, including the Kruger National Park, Blyde River Canyon and God's Window
- Export-oriented agricultural value chain activities, including agro-processing opportunities in citrus fruit, sugar and forestry

Opportunities in the Gert Sibande District

- Manufacturing and services opportunities to support the district's coal power generation and petrochemicals complex
- Maize processing opportunities (region is part of South Africa's maize production triangle)
- Agro-processing opportunities in poultry, sheep, sunflower and sorghum, among others

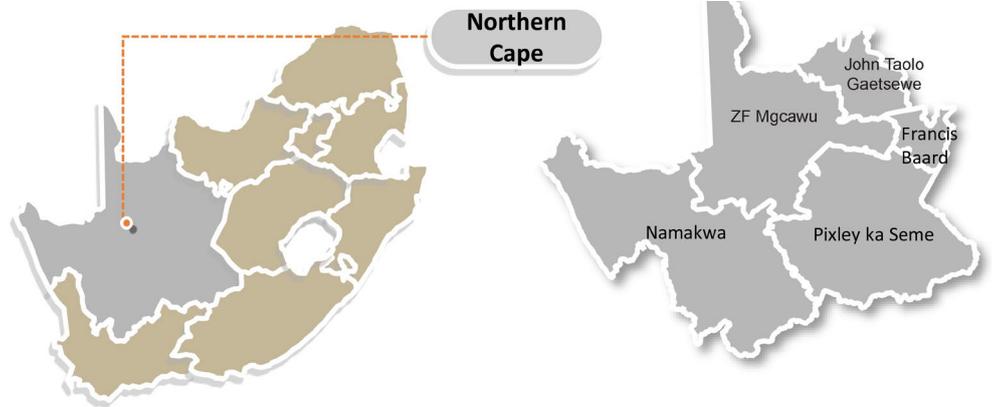
Opportunities in the Nkangala District

- Coal mining and steel production
- Diverse mineral beneficiation opportunities



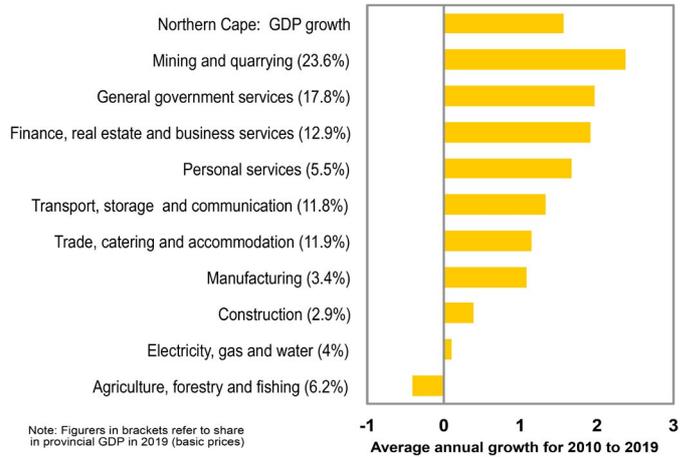


PROVINCIAL ECONOMIC AND INVESTMENT SYNOPSIS: NORTHERN CAPE



Key economic indicators	
Land area (square km)	378 276 (30.8% of SA total)
Population (million)	1.29 (2.2% of SA total)
GDP in 2019 (ZAR billion)	94.2 (2.1% of SA GDP)

Real GDP growth by broad sector in the Northern Cape



PROVINCIAL ECONOMIC DEVELOPMENTAL FOCUS

- Eradication of backlogs in water and sanitation, electricity and housing
- Provision of green infrastructure, including renewable energy (e.g. solar), water tanks
- Concentration of economic infrastructure investment in areas with potential for sustainable economic development
- Enhance regional connectivity
- Urban and rural development
- Protect and manage biodiversity, water and agricultural resources

SECTORAL STRENGTHS

- Mining
- Agriculture and agro-processing
- Fisheries and aquaculture
- Renewable energy (solar, wind)
- Jewellery manufacturing

NORTHERN CAPE - SELECTED INVESTMENT OPPORTUNITIES

- Abundant mineral resources provide exploration, extraction and value chain development opportunities across a suite of commodities, including iron ore, zinc, manganese, copper, lead, nickel and diamonds
- Attractive opportunities in components manufacturing and services related to the fast-growing renewable energy industry (concentrated solar power, solar PV) in the province
- Various agricultural development opportunities due to diverse soil and climatic conditions. These include high value horticulture crops such as table grapes, wine grapes, sultanas and cereal crops, as well as onion production (ca. 30% of South Africa's total is produced in the Northern Cape) and goat farming
- Agro-processing opportunities to leverage the 38,000ha Vaalharts irrigation project (producing wheat, fruit, groundnuts, cotton, maize)
- Significant development potential in aquaculture
- Initiatives pertaining to development corridors, industrial parks (Sishen, Kathu and Kuruman) and SEZs (e.g. Upington) provide the basis for attractive opportunities in manufacturing

Opportunities in the Frances Baard District

- Opportunities associated with the Kimberley International Diamond & Jewellery Academy
- Mine development and jewellery manufacturing opportunities in diamonds and precious stones
- Textiles production
- Agro-processing activities
- Development opportunities related to Sol Plaatjie University

Opportunities in the John Taolo Gaetsewe District

- Opportunities associated with the Kathu industrial park development and the Gamagara mining corridor
- Tourism development, including eco-tourism
- Goat commercialisation
- Agro-processing, including olives, grains, pecan nuts and medicinal plants

Opportunities in the Namakwa District

- Aquaculture value chain development (abalone, hake, hondeklip fish)
- Export-oriented kelp related activities
- Sheep and goat processing
- Game and nature reserve development opportunities
- Small harbour development opportunities (e.g. Port Nolloth)



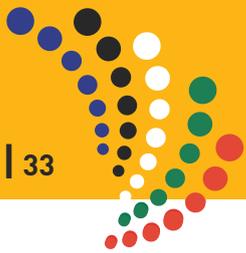
Opportunities in Pixley Ka Seme District

- Support services associated with the Square Kilometre Array (SKA) project
- Opportunities in the De Aar rail cargo hub development
- Various tourism development opportunities

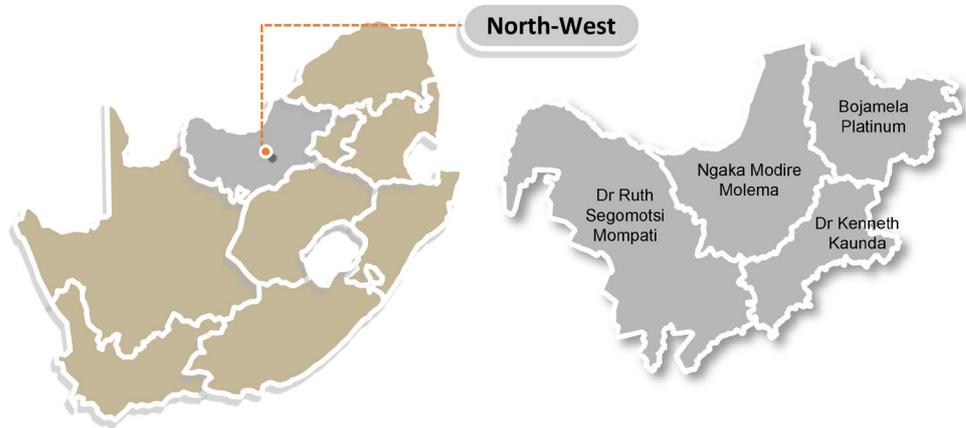
Opportunities in ZF Mgcawu District

- Industrial development opportunities in the Upington SEZ and the Upington cargo and electronics hub, including those targeting the SKA, the renewable energy industry and aircraft storage
- Development of Upington International Airport
- Tourism development
- Business Process Outsourcing opportunities



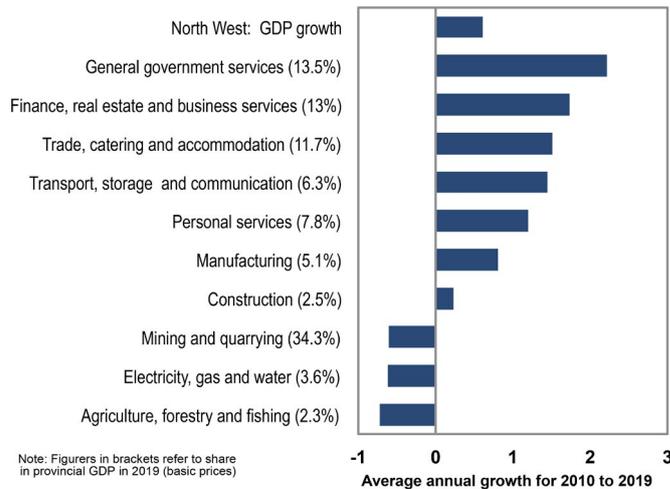


PROVINCIAL ECONOMIC AND INVESTMENT SYNOPSIS: NORTH-WEST



Key economic indicators	
Land area (square km)	105 238 (8.6% of SA total)
Population (million)	4.11 (6.9% of SA total)
GDP in 2019 (ZAR billion)	293.6 (6.5% of SA GDP)

Real GDP growth by broad sector in the North West



PROVINCIAL ECONOMIC DEVELOPMENTAL FOCUS

- Promotion of labour-absorbing industries through SMME support, enterprise and supplier development, public and private sector procurement and the stimulation of rural economies
- Position the province as an attractive investment destination, with the SEZ as a drawing card
- Use provincial imperatives and competitive advantages to expand and diversify the export sector
- Drive infrastructure investment and service delivery to promote competitiveness
- Human capital development, training and improved utilisation of research and innovation

SECTORAL STRENGTHS

- Mining
- Agriculture and agro-processing
- Tourism
- Metal products
- Machinery and equipment
- Renewable energy (solar)

NORTH-WEST - SELECTED INVESTMENT OPPORTUNITIES

- Rich mineral resource endowment supports attractive investment opportunities in mining value chains (new mine development, minerals beneficiation and metals fabrication)
- With ca. 44% arable land and 3 climatic regions, the province presents diverse opportunities in agriculture and agro-processing:
 - Drier regions: cattle, poultry and game farming opportunities
 - Central and southern regions: maize and wheat farming
 - Eastern and northern-eastern regions: Horticulture due to high rainfall patterns
- Significant potential for tourism-related investments supported by cultural assets, the Sun City resort, Hartbeespoort Dam, as well as natural and wildlife attractions, including various nature reserves
- Construction and varied development opportunities associated with the Platinum Spatial Development Initiative (N4 logistical corridor ultimately aimed at enhancing linkages between South Africa, Botswana, Namibia and Mozambique)
- A wide array of manufacturing-related opportunities, including fluoro-chemical beneficiation, value-adding to black granite, boat manufacturing, meat processing
- Opportunities associated with the Letlamoreng Dam development and the Mafikeng airport logistics hub

Opportunities in the Dr Kenneth Kaunda District

- Rich, diverse natural and cultural heritage, including one of the world’s oldest meteor impact sites, presents attractive tourism investment potential
- N12 Treasure Corridor is major node for industrial, commercial and tourism development

Opportunities in the Bojanala Platinum District

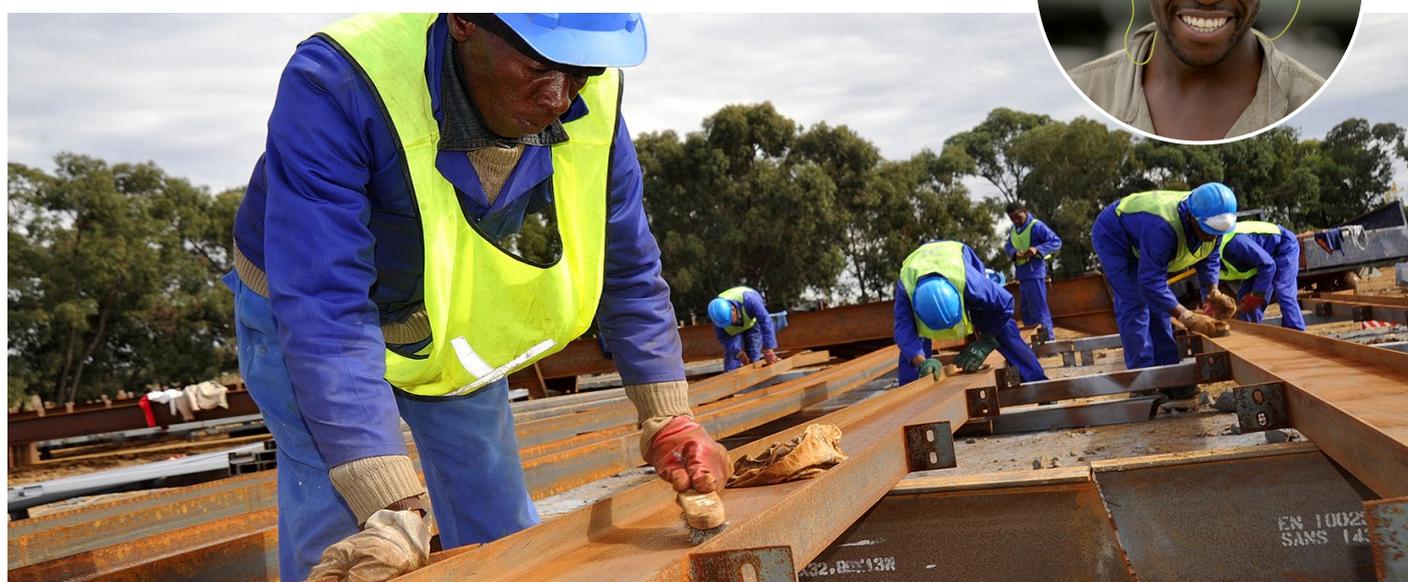
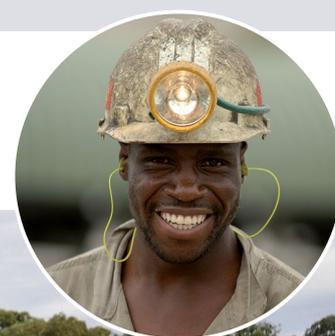
- Large minerals resource base supports prospects for new mine development and associated minerals beneficiation projects

Opportunities in the Dr Ruth Segomotsi Mompati District

- Agriculture development potential from vast arable land making up ca. 50% of the province’s geographical area

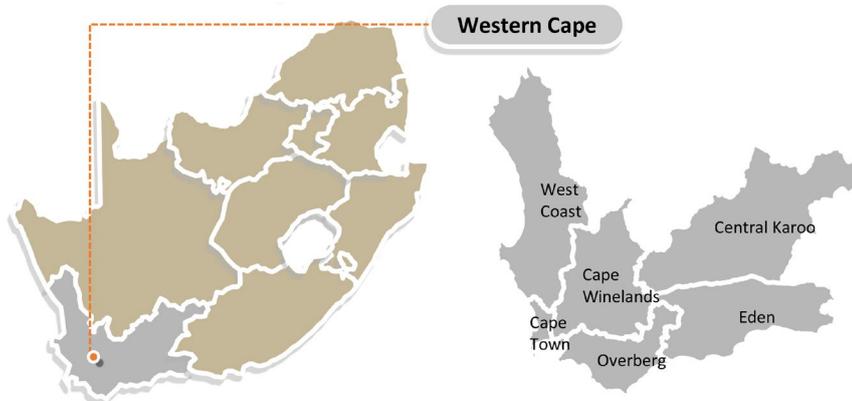
Opportunities in the Ngaka Modiri Molema District

- Agriculture value chain development
- Tourism development potential leveraging off the district’s historical assets
- Robust growth in Mahikeng (provincial capital) presents opportunities for social infrastructure development, general business services and financial services



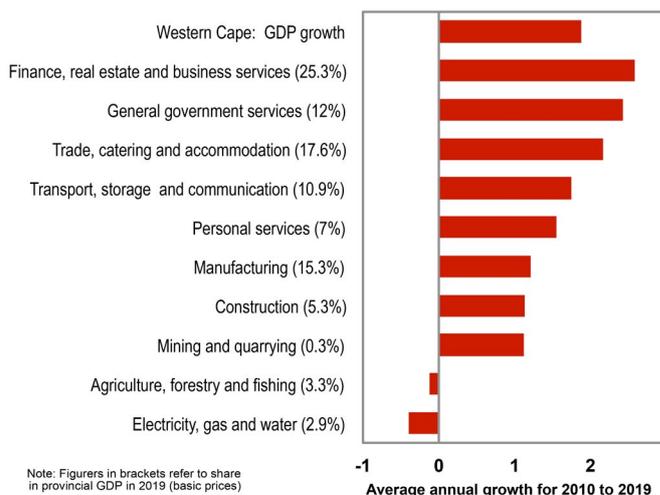


PROVINCIAL ECONOMIC AND INVESTMENT SYNOPSIS: WESTERN CAPE



Key economic indicators	
Land area (square km)	131 521 (10.7% of SA total)
Population (million)	7.01 (11.8% of SA total)
GDP in 2019 (ZAR billion)	611.1 (13.5% of SA GDP)

Real GDP growth by broad sector in the Western Cape



Note: Figures in brackets refer to share in provincial GDP in 2019 (basic prices)
Source: Statistics South Africa, Quantec

PROVINCIAL ECONOMIC DEVELOPMENTAL FOCUS

- Key priority development sectors include agro-processing, light manufacturing, oil and gas, aviation, clean energy, business services (such as BPO), financial services, ICT, real estate, tourism, green economy related (including waste beneficiation/recycling)
- Expanded, efficient and effective provision of healthcare, education and training services
- Growth of the province's well-established transportation and logistics network, including the provision of additional public transport services
- Encourage and stimulate research and innovation

SECTORAL STRENGTHS

- Tourism
- Financial and business services
- Transport and logistics
- Information and communication technologies
- Agriculture and agro-processing
- Fisheries and aquaculture
- Petrochemicals
- Basic iron and steel manufacturing
- Clothing and textiles
- Renewable energy (solar, wind)
- Energy and marine manufacturing and repair

WESTERN CAPE - SELECTED INVESTMENT OPPORTUNITIES

- Numerous investment opportunities across services industries (including BPO, transport and logistics, ICT, tourism, film production, multimedia), the green economy, various agricultural value chains and related agri-technologies, as well as manufacturing activities (including petrochemicals, boat-building, clothing and textiles, among others)

Opportunities in the City of Cape Town

- High growth investment opportunities in business services, including BPO and ICT development
- Services sector investment opportunities abound, including financial services (Fintech, e-commerce, asset management), film and multimedia investment opportunities (Cape Town is already an internationally competitive film and media production destination), substantial tourism-related opportunities leveraging off natural and cultural assets
- Renewable energy and other green economy related opportunities (solar PV and wind energy, as well as the manufacture of related components and services provision)
- Electronics manufacturing, including satellite technology, circuit boards, medical technology, telecoms and consumer electronics
- Diversified agro-processing opportunities
- Clothing and textiles production

Opportunities in the Central Karoo

- Energy related opportunities (oil, gas derived from large shale gas reserves, solar power), metals and engineering services
- Tourism-related development opportunities

Opportunities in the Overberg District

- Aquaculture and agricultural investment opportunities (barley, apples, canola, lucerne, pears, wheat and sheep farming, etc.)
- Renewable energy (wind, solar and wave energy generation opportunities) and biofuels
- Harbour precincts development
- Tourism sector development opportunities

Opportunities in the West Coast District

- Agriculture and agro-processing (grapes, wine, wheat, rooibos tea), as well as fisheries
- Cement production, mining and mineral processing (titanium, zirconium, phosphate, limestone, sandstone, diamonds)
- First and only Energy and Maritime Services Freeport in South Africa, in the port of the SBIDZ special economic zone

Opportunities in the Cape Winelands

- Diversified agro-processing opportunities (grapes, wine, essential oils and medicinal plants, among others)
- Tourism-related opportunities (wine, leisure, nature, sports)
- Paarl CBD redevelopment opportunities

Opportunities in the Eden District

- Agro-processing (including dried fruit, timber, macadamia nuts, vegetables, wheat processing), flora farming, agri-park development, high value organic compost fertilizer production
- Airport expansion, integrated transport infrastructure development, ICT infrastructure rollout
- Manufacturing of personal care products, lubricants and others
- Tourism sector development





CONCLUDING REMARKS

- The evolving COVID-19 pandemic and measures taken worldwide to contain its spread have had a devastating impact on economies and societies around the globe, with South Africa having been forcibly dragged into the fold.
- South Africa has taken swift and decisive actions to contain the spread of the virus and enhance its healthcare services. The country has also assembled, through a collaborative effort between the public and private sectors, an unprecedented economic and social relief package to soften the impact of the highly adverse environment, characterised by stringent lockdown measures over an extended period, on its households and business enterprises.

- South Africa's actions have reflected prudence in governance and the imperative of limiting the damage caused by this global pandemic, ensuring a rapid and sustainable economic recovery and seizing the opportunity to build a new economy.
- The Economic Reconstruction and Recovery Plan, developed through a consensual process involving all social partners, has put forward clear strategies and action plans to propel the economy's expansion momentum in the short- to medium-term, as well as raise its growth potential in the longer term. Importantly, it seeks to foster significantly improved levels of inclusivity and economic transformation.
- The South African economy is thus set to resume a positive growth trajectory. Furthermore, the determination to address key structural impediments that have been weighing on the economy's performance for several years will unlock its vast potential and substantially raise investor confidence in South Africa's future.