

ANNUAL REPORT 2018/19

ATLANTIS SPECIAL
ECONOMIC
ZONE FOR GREEN
TECHNOLOGIES

where green tech grows





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FOREWARD

By Francis Jackson, ASEZ Project Executive

The global Green Technology market is estimated to reach US\$6500 billion by 2025, with the wind energy market predicted to be US\$170 billion by 2024. South Africa's share of that was given a boost this year on several fronts, the most notable being in the renewable energy sector where we crossed several nexuses. The Renewable Energy Independent Power Producer Programme – a model framework for rolling out PPP infrastructure – was put back on track through the signing of the Power Purchase Agreements for its 4th Round, bringing in R250bn investment to the sector.

The immediate implications for the Atlantis Special Economic Zone (ASEZ) have been ramp-up to capacity operations of existing investors such as GRI and Resolux and a dominance of energy-related interest in the investment pipeline. The associated interest in the industry's supply chain localisation opportunities was stimulated again and eyes turn to the messaging of imminent promulgation of the Integrated Resource Plan for market signals on pipeline certainty. Clear signals in the least-cost models under consideration point to two other nexuses: First, that solar photovoltaic costs per kWh have now dropped to be on par with wind power and second, that with all system costs of a balanced and reliable energy mix taken into account, wind and solar power are the lowest cost options for new capacity in South Africa at present. The market context for renewables, both utility scale and embedded generation, has shifted considerably through the course of the year, not least of all through the reminder that, with load shedding again rearing its head, we are seeing the need to close the gap on reserve margin in a way that supports a sustainable and transformative energy transition.

It has been a year of milestones with much to celebrate in the ASEZ. We celebrate the outcome of some seven years of development with the successful designation of the ASEZ by the Department of Trade and Industry in its final Government Gazette announcement on 19 October 2018. The President of South Africa, His Excellency Cyril Ramaphosa, presided over the official launch held in Atlantis on 6 December 2018. The Licence was handed to the then MEC for

Economic Opportunities, Ms. Beverley Schäfer. This well-received and celebratory milestone attended by a wide range of stakeholders was testament to the outcome of many distinct entities working together toward a shared purpose.

This collaborative theme has been the secret to Atlantis punching above its weight in investment promotion, skills development and enterprise development, leveraging an ecosystem of aligned entities in such a way that the sum impact is greater than the parts. The combined work of Wesgro, InvestCT, InvestSA and GreenCape in promoting and landing investors is a uniquely effective approach that has been yielding results recognised in UNCTAD awards on more than one occasion.

Wrapping up this financial year we bring together the experiences and insights from the past few years into the Package of Plans adopted by the Atlantis SEZ. This set of strategies and implementation plans draws on the foundations set in the strategy drafted by Deloitte in 2015, and an update to elements of the strategy compiled by Nova Economics in 2018. This includes: Phase 1 of infrastructure development, which is a first phase plan motivated by the Deloitte strategy to catalyse landing SMMs under roof, providing an incubator base and cementing the ASEZ's presence in the zone. The rest of the plans cover the workstreams defined by the dti as critical to the operationalising of an SEZ, namely Investment Promotion and Facilitation, Communications and Marketing, Stakeholder Management, Skills Development and

Enterprise Development. The latter two plans drew strongly on engagement with community members on the theme, wherein through public workshops in Atlantis, the validity of the strategic intent was verified and insights drawn on practical implementation that would suit community's need.

Community's role in the past year has been fundamental to the ethos of the development of the ASEZ. The designated area of the SEZ is embedded in the existing Atlantis Industria and is mere blocks from the residential area. The ASEZ will succeed and be relevant to its context if it goes beyond being a siloed enclave and embeds itself into the physical, social and economic context of Atlantis. The work with community members this year has been unique in the landscape of economic infrastructure development, ultimately seeing community participating in co-creating the SEZ's implementation plans and ultimately shaping their representative structures.

In this year we successfully established an ASEZ Community Stakeholder Network (ASEZ-CSN) – a group of 15 community members representing 8 sectors in a structure whose function will be to act as a conduit for communication between the ASEZ and the Atlantis community. The election process for this group was carried out with public community mandate assigned to each step of the way, ultimately yielding a group of members put in place through a legitimate process aligned with the Terms of Reference developed by community members. Such processes are always deeply challenging in a complex social context. We look forward to seeing this group evolve and, with suitable support from its constituencies and the ASEZ, grow to demonstrate a new and truly inclusive and transparent approach to ensuring that the SEZ is developed in a way that meets the imperative of contributing to urban renewal and community upliftment.

“THE ATLANTIS ZONE ... CLEARLY DEMONSTRATES WHAT WE CAN COLLECTIVELY ACHIEVE WHEN WE TAKE AN INTEGRATED APPROACH TO ECONOMIC DEVELOPMENT.”

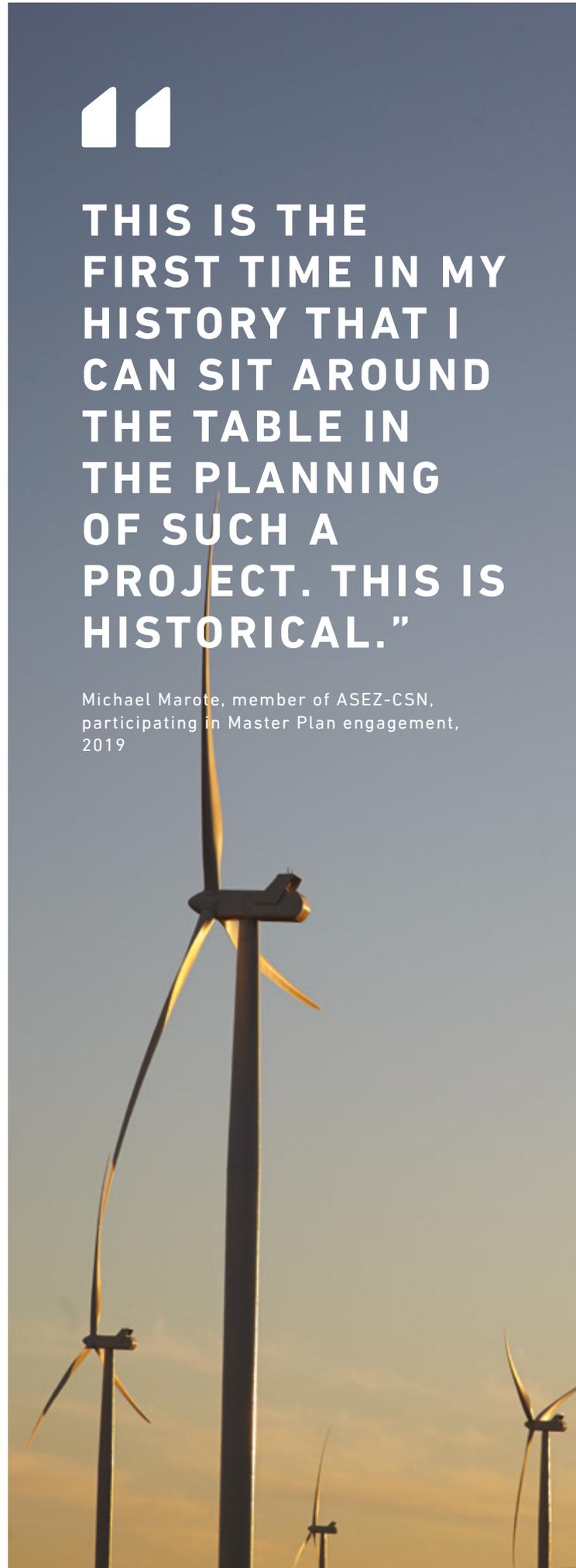
President Cyril Ramaphosa at the launch of the Atlantis SEZ on 6 December 2018

It is testament to the success of the development of this SEZ that now, following designation, a transition phase ensues in which the governance framework is established to align with the requirements of the SEZ Act. Wesgro has been appointed by the Western Cape Provincial Government to run the establishment of the SEZ Entity. This will see the capacitation of the management framework required in order to operationalise and transact as a fully-fledged SEZ and the ultimate handover of Project Management Unit functions in the period going forward. I take this opportunity to acknowledge the ecosystem of stakeholders who have put themselves forward to the purpose, from the dti, the Provincial Government, and the City of Cape Town. The team who have carried the Project Management Unit deserve special mention and recognition for their tireless efforts. It has been my pleasure and my privilege to work with you. Thank you.



THIS IS THE FIRST TIME IN MY HISTORY THAT I CAN SIT AROUND THE TABLE IN THE PLANNING OF SUCH A PROJECT. THIS IS HISTORICAL.”

Michael Marote, member of ASEZ-CSN, participating in Master Plan engagement, 2019





ATLANTIS SEZ HEADLINES

2018/19 by numbers

90 learners received tutoring through the Atlantis Ikamva Youth Programme

81% of Grade 12 learners passed their matric exams with

68% achieving bachelor's and diploma passes

12 skills development engagements

28 stakeholder engagement sessions

R700m
total investment attracted

R50m
Skyward windows

R475m
GRI

R130m
Kaytech

R25m
Resolux

R20m
Iconic Gases

116
investment sessions delivered in 18/19



2
potential investments in review, with



74
investors in the pipeline at various stages of facilitation and negotiation

332 number of jobs created to date



Atlantis is the home of the Special Economic Zone for Green Technologies. This priority development node is situated approximately 40 km north of the Cape Town CBD, 19 km north of Melkbosstrand and 76 km south of Saldanha Bay. It lies between the N7 to Namibia and the R27 West Coast Road.

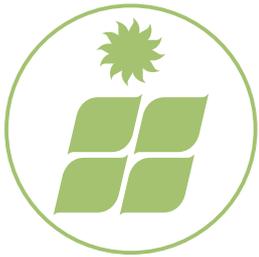
The Atlantis SEZ for Green Technologies

The ASEZ has come a long way from the original seed of the idea in 2011; wherein the concept of a greentech hub in Atlantis was launched by the City of Cape Town. When the Department of Trade and Industry (dti) launched the SEZ program in 2013, Atlantis was nominated to participate. GreenCape and the dti signed a Memorandum of Funding Agreement during the 2013/14 financial year to set up a Project Management Unit to facilitate the establishment of a green technology (greentech) Special Economic Zone (SEZ) in Atlantis. This work is a collaborative effort between GreenCape, the City of Cape Town, Western Cape Provincial Government and the dti.

One way to pave the way for a greentech SEZ was to establish a greentech industrial park in Atlantis. The City of Cape Town provided land for the park to support the revitalisation of Atlantis as a strategic development node. The revitalisation work would involve a re-engineering of existing business clusters and support for future-focused sectors (in this case, the greentech sector). The greentech hub and proposed SEZ support the manufacturing sectors to become suppliers and component manufacturers for

the renewable energy sector, in particular independent power producers in the government's Renewable Energy Independent Power Producers Programme (REIPPP). The concept then evolved to the inclusion of a wider range of green technologies. The City of Cape Town made 118.6 hectares available for the designated area and facilitation of investment into this land was done under an intergovernmental protocol agreement between the Western Cape Government and the City of Cape Town.

GreenCape subsequently continued the function of Project Management Unit, funded by the Department of Economic Development and Tourism (DEDAT) and then Wesgro ultimately for the financial year 2018/19. At this juncture, with the successful designation of the SEZ, Wesgro is working to establish the governance framework, namely the registration of a Provincial Entity to meet the requirements of the SEZ Act, and the capacitation of this entity to be able to transact and fulfil the aspirations set in the application for designation.



Supporting and Promoting Regional Development

Owing to its strategic location and envisaged growth, the SEZ has the potential to contribute towards regional economic and spatial development by:

- Enabling the socio-economic development leg of the National Development Plan (NDP) by supporting three NDP Strategic Infrastructure Projects (SIPs) – SIPs 8, 9 and 10 – focusing on greening the South African economy, electricity generation and electricity transmission.
 - Supporting local content manufacturing linked to the Renewable Energy Independent Power Procurement Programme (REIPPP) driven by the National Department of Energy.
 - Supporting the growth of the West Coast Development Corridor through strategic positioning, linking the Saldanha SEZ, Port of Saldanha, Atlantis SEZ, Port of Cape Town and the economic nodes in the City of Cape Town.
 - Developing gas-to-power projects: The conversion of Ankerlig to gas creates an opportunity for additional gas-to-power and gas for industrial applications in the zone.
 - Contributing to the achievement of the of national, provincial and city green economy vision through green industrialisation and manufacturing.
 - Contributing to climate change adaptation through green economic growth and industrialisation.
-



THE ATLANTIS SEZ IS EXPECTED TO GROW THE GREENTECH SECTOR IN THE WESTERN CAPE MORE BROADLY AND REVITALISE ATLANTIS AS A KEY INDUSTRIAL NODE IN THE REGION.”

President Cyril Ramaphosa at the launch of the Atlantis SEZ on 6 December 2018





CELEBRATING THE GROWTH OF GREENTECH IN ATLANTIS

THE PRESIDENTIAL LAUNCH

On 6 December 2018, the Atlantis Special Economic Zone was officially launched by President Cyril Ramaphosa. Guests in attendance included then Ministers Lindiwe Zulu, Rob Davies, Mr Ebrahim Patel, as well as then Premier of the Western Cape, Ms Helen Zille, and City of Cape Town Executive Mayor, Mr Dan Plato and the Provincial Minister for Economic Opportunities, MEC Beverley Schäfer. Community members were in attendance, including local businesses and representatives of the Interim SEZ Stakeholder Working Committee. In his address, the president described Special Economic Zones as manufacturing hubs for the entire African continent, capable of reaching and servicing a rapidly growing market for goods and services. He noted that the Atlantis Special Economic Zone is the product of close cooperation between different spheres of government working together towards the realisation of a common goal. He highlighted that fundamental premise of the Atlantis SEZ is to unlock the underlying economic value of existing and underutilised infrastructure through the creation of a green tech manufacturing hub. The Atlantis SEZ is expected to grow the green tech sector in the Western Cape more broadly and revitalise Atlantis as a key industrial node in the region.

2018/19 Highlights per workstream



Greentech growing: Through investment promotion and facilitation

The Investment Promotion and Facilitation unit is responsible for facilitating investment into the SEZ and marketing Atlantis as an investment destination of choice.

PERFORMANCE FOR 2018/19: SEZ JOBS AND INVESTMENTS TO DATE

- 116 investment sessions have been delivered, strengthening the investment pipeline into the Atlantis SEZ, in collaboration with the investment team from the City of Cape Town.
- This opened up the opportunity to a wider range of greentech, aligned to the Strategy: The City Council adopted an updated set of greentech criteria for consideration in evaluating investors.
- A continuation of the unique collaborative effort between InvestSA, Invest Cape Town, Wesgro and GreenCape to ensure ease of business.
- Successfully landed one new investor, Iconic Gasses, with a R20m commitment that will create 25 new jobs.

ATLANTIS SEZ MOMENTUM

Numerous existing companies have approached the team to discuss their long-term expansion. This has led to:

- R 700m investment has been attracted into the SEZ.
- R 300m was invested by GRI in 2014 for construction of a wind tower manufacturing facility
- R 175m expansion by GRI in 2015
- R 50m expansion by Skyward Windows (double glazing)
- R 130m expansion by Kaytech (geotextiles)
- R 20m committed by Iconic Gasses

In addition, two more existing Atlantis-based companies are exploring new ventures or expansions into the Atlantis Special Economic Zone for greentech manufacturing.

To date, 332 direct jobs have been created through initial and expansion investments.

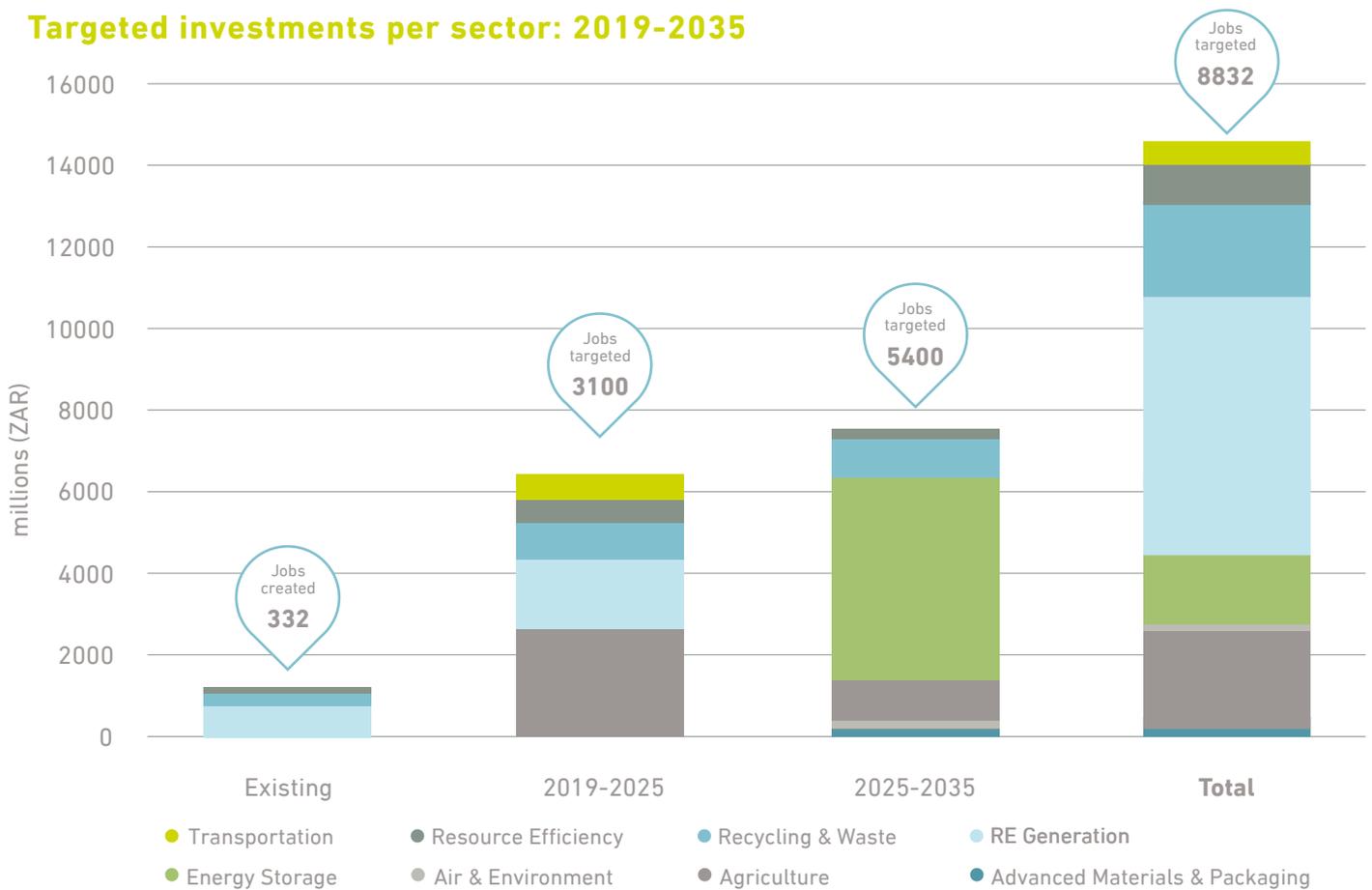
TARGETED INVESTMENTS: 2014 – 2030

- R 6.3bn total value of targeted investment (excluding gas to power)
- 22 new investors have shown significant interest in the SEZ and negotiations with many of them are in an advanced stage
- Many investors are local companies looking to expand or start new manufacturing entities, but the highest investment value is from foreign investors.

OVERVIEW OF TARGETED INVESTMENTS AND JOB CREATION POTENTIAL: 2018 – 2030

	DIRECT JOBS	EXISTING INVESTMENTS	2019 - 2030	2025 - 2035	TOTAL INVESTMENTS
TARGETED COMPANIES	8 832	R0.7bn	R6.8bn	R7.1bn	R3.7bn
GAS TO POWER	1 500 – 2 000			R30bn – R50bn	R30 – R50bn
TOTAL PIPELINE PER PERIOD		R0.7bn	R6.8bn	R37.1bn – R57.1bn	R33.7bn – R53.7bn
TOTAL JOB PER PERIOD		332	3100	5480	

Targeted investments per sector: 2019-2035



Targeted investments by greentech service or product

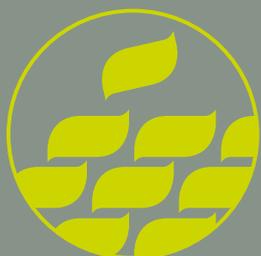
KEY ● = realised investment

2019 TO 2025

- Wind tower manufacturer (Gestamp Renewable Industries [GRI])
- Wind tower internals supplier/manufacturer (Resolux)
- Geotextile manufacturer (Kaytech)
- Green building suppliers (Skyward Windows; double glazed window and door manufacturer)
- Specialised painting services for GRI and wind blades

- Wind blade manufacturer
- PV module manufacturer
- 3 x SMME SWH assemblers and installers
- Cabling and cabling services
- Solar water heater (SWH) manufacturer
- Energy efficient lighting assembler or manufacturer
- Green Building Materials manufacturer
- PV mounting manufacturer
- Electrical components and kits suppliers/manufacturers
- Specialised logistics provider

2025 TO 2030



- Low-iron glass manufacturer
- PV cell manufacturer
- Concentrated Solar Power (CSP) tracker manufacturer
- 2 x SMME SWH assemblers and installers
- Biomass engine assembler/manufacturer
- Battery manufacturer
- Building insulation manufacturer
- Heat pump suppliers/manufacturers
- Inverter parts manufacturers/assemblers
- Aluminium frames and structures manufacturer
- Smart-meter manufacturer



Greentech growing: Through stakeholder engagement in Atlantis

The Atlantis project team had over 28 engagements with a wide range of stakeholders regarding the SEZ designation which was approved in two Government Gazette announcements (June and October 2018) relating to how this impacted future plans and developments. This work was done to ensure that all relevant stakeholders are included in the dialogue of the progress and developments of the Atlantis SEZ's designation, to strengthen buy-in, and to mobilise support for the zone.

The stakeholders include national and provincial government, the City of Cape Town, Atlantis community members, organised business and labour, SMMEs, and business networking groups and forums. Stakeholder engagements increased in preparation of the Presidential launch of the ASEZ in December 2018. This momentum was sustained with an increased volume of engagements during the community stakeholder network election period in the beginning of 2019. The establishment of a representative community structure required extensive community consultation and engagement on various levels, which remains a priority area, as the ASEZ moves towards becoming operational.

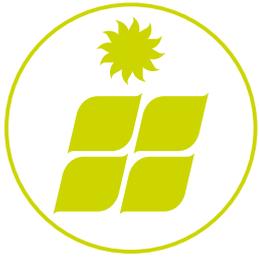
ACHIEVEMENTS AND OUTCOMES

The team has secured support and commitments to the ASEZ from a wide range of key stakeholders.

Among other engagements, the team facilitated:

- a community meeting to share Atlantis SEZ designation news (August 2018)
- a public meeting to ratify Terms of Reference for Atlantis Special Economic Zone Community Stakeholder Network (ASEZ-CSN) - November 2018
- the Presidential launch of the Atlantis Special Economic Zone for Green Technologies (December 2018)
- information sessions and community election for representatives for the ASEZ-CSN (January until February 2019)
- a public meeting to introduce elected members of the ASEZ-CSN (February 2019)

THE ASEZ-CSN IS TO ACT AS A CONDUIT BETWEEN THE ATLANTIS COMMUNITY AND THE ASEZ. THE ASEZ-CSN, THROUGH ENGAGEMENT WITH THE ASEZ, IS TO SUPPORT AND ENSURE THAT THE COLLECTIVE CONCERNS AND INTERESTS OF THE SECTORS REPRESENTED ARE TAKEN INTO ACCOUNT BY THE ASEZ. THESE INCLUDE ECONOMIC OPPORTUNITIES FOR COMMUNITIES, CAPACITY BUILDING AND SKILLS DEVELOPMENT OPPORTUNITIES.



Greentech growing: as community capacity grows

Skills and enterprise development have been prioritised to ensure local skills meet the needs of industry locating in Atlantis and in order for the Atlantis community to benefit from increased job opportunities.

A review of the 2015 skills audit was undertaken in 2018 to inform the skills strategy for the ASEZ. Based on the findings of this audit, as well as on insights from a skills workshop as well as enterprise development workshop that was held with the Atlantis community in November and February respectively, the skills and enterprise development strategies were drafted.

These strategies, together with their implementation plans, will inform the direction of all skills and enterprise development initiatives. To date the interventions that were implemented have included the following:

- Interventions run in collaboration with Atlantis high schools, and primary schools
- Collaborations between SARETEC, various TVET colleges, SAREBI, and merSETA
- Collaborations between provincial government and various industry and community stakeholders

IKAMVAYOUTH TUTORING PROGRAMME

- The goal of the programme is to better prepare Atlantis learners for further training and post-school employment opportunities.
- The programme was launched in July 2016 with 92 Grade 10 and 11 learners joining. Currently the programme supports more than 88 learners from grade 10 - 12 from various Atlantis high schools.
- The programme was moved to Robinvale High School from January 2019 and has seen stability in learner enrolment numbers
- In other events (see below) learners were made aware of employment options and opportunities in the green economy and the renewable energy sector.
- With support from the City of Cape Town Grade 10-11 learners attended the Atlantis Winter School in July at Proteus Technical High School.

40 learners from Atlantis high schools attended various workshops focusing on life skills relevant to careers in the Atlantis SEZ. They also worked hard at their school work, with dedicated tutoring sessions in the mornings targeted to assist each learner with necessary support to improve their marks.



**IF YOU LOOK AT OUR COMMUNITY,
OUR PEERS ARE JOINING GANGS AND
PARTICIPATING IN A LOT OF BAD
ACTIVITIES. I COULD BE THERE WITH THEM
BUT I CHOSE MY EDUCATION FIRST AND
THAT IS WHY I JOINED IKAMVAYOUTH. WE
WANT IKAMVAYOUTH TO HELP US BECOME
SOMETHING ONE DAY!"**

Grade 11 learner at Proteus Secondary School.

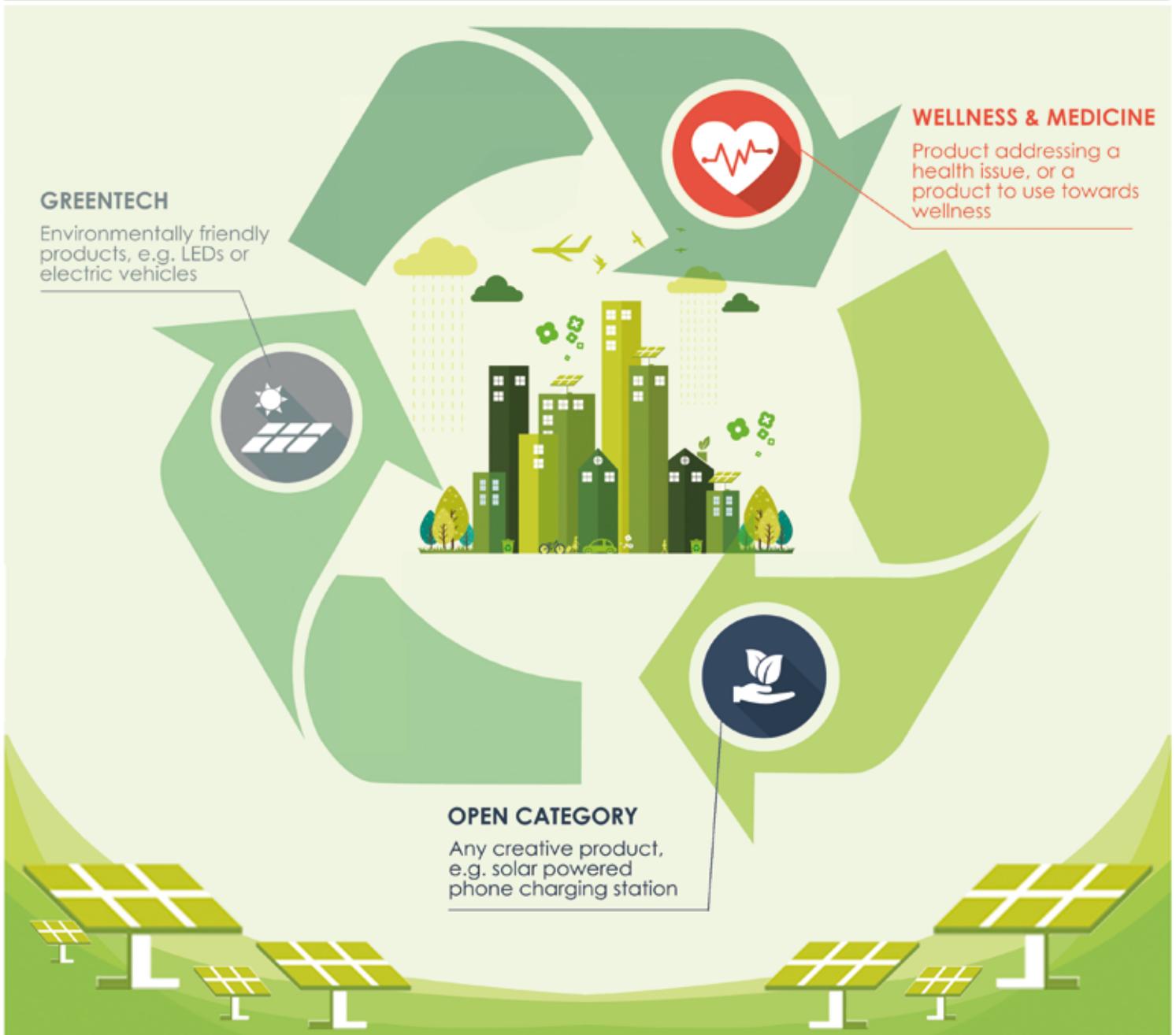


Competition with exciting prizes including, adventure activities, tech gadgets, outings and more



Atlantis Renewable Energy Challenge 2018

USE YOUR IMAGINATION TO POWER UP YOUR COMMUNITY!



To enter, make a poster or build a model/prototype of a solar powered product in either of the following categories:



GREENTECH



WELLNESS & MEDICINE



OPEN CATEGORY

The competition is open to Grade 6 - 7, and Grade 9 - 11: Only 5 learners per team entry.

The Atlantis Renewable Energy Challenge will run from 18 July - 2 September 2018.

For more information speak to your science teacher or visit our website www.greencape.co.za.

Alternatively, contact Elmarie September on 021 577 2719 or email elmarie@green-cape.co.za

Visit our AREC Facebook page for more info





Greentech growing: Atlantis Renewable Energy Challenge (AREC)

The AREC, now in its third year, is firmly established as an annual event, encouraging learners to submit their entries of renewable energy.

- This year the competition was also opened to primary school learners and saw entries received from various Atlantis Primary as well as Secondary schools. Robinvale High School, Proteus Technical High School as well as Atlantis School of Skills participated in the competition again for the third time.
- This year learners enjoyed site visits to the Stellenbosch Science and Technology Education Centre, where they were treated to building their own solar powered phone charger. The winners enjoyed a day out on a Zipline tour and bob sledding for the younger learners, together with the range of prizes they received.



Greentech growing: Supported by infrastructure development

The ASEZ has a value proposition that draws on a strong base of existing bulk infrastructure. Atlantis already has strong road access and proximity to major ports, recent upgrades to electricity infrastructure seeing ample capacity for the SEZ's investment plans, MyCiti bus public transport extensions, fibre internet and it has benefited from the work on water security, weathering the drought through the course of 2018. What work has been applied to augmenting this to build the infrastructure framework specific to the SEZ? Two streams have progressed.

First, alongside the potential for large incoming investors in the league of GRI, the strategic review by Deloitte identified a need to cater to smaller businesses who seek to be accommodated under roof with short lead time. This motivated the concept of a small business park with 5000m² under roof, also housing the administrative centre for the SEZ and an incubator, whose graduating SMMEs could use the space under roof as a springboard into the SEZ. This design concept was completed in 2018 by JG Afrika.

Second, in order to have a long term overarching infrastructure development concept that could be rolled out over the lifetime of the SEZ, Wesgro commissioned a Long Term Infrastructure Development Plan to be designed. This work is underway and is hoped to inform where to lay out particular industry types and any enabling infrastructure gaps to fill.

Roll-out of build of these phases of development plans awaits the milestone of accessing the SEZ Fund which is to be enabled by the structuring of the SEZ Entity's governance framework underway. In the present, investors' mechanism for establishing their top structures is through self-build. The most recent incoming investor, Iconic Gases, has kicked off construction of their facility on this basis, breaking ground in early 2019.



ATLANTIS SEZ DEVELOPMENT MILESTONES

2010/11

Presented early thoughts on how Atlantis was well positioned for Greentech

2011/12

City of Cape town launched a GreenTech hub program in Atlantis

2013

DTI launched the SEZ program and Atlantis was nominated to participate



2013

We had our first successful investors (and we began the program to designate Atlantis as an SEZ)

2018

Designated by Department of Trade and Industry

2018

Presidential Launch, 6 December 2018



GreenCape

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