

Eastern Cape Infrastructure Engagement Report



From the 9th of November – 11th of November 2020

Infrastructure South Africa team lead by Dr Ramokgopa

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List of Abbreviations

| | |
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| ADM | Amathole District Municipality |
| EC | Eastern Cape |
| ECSECC | Eastern Cape Socio-Economic Consultative Council |
| EL IDZ | East London Industrial Development Zone |
| BCMM | Buffalo City Metropolitan Municipality |
| ECRDA | Eastern Cape Rural Development Agency |
| EC DPWI | Eastern Cape Department of Public Works & Infrastructure |
| EC Treasury | Eastern Cape Treasury |
| CDC | Coega Deveelopment Corporation |
| COGTA | Department of Cooperative Governance and Traditional Affairs |
| DBSA | Development Bank of Southern Africa |
| GCIS | Government Communication and Information System |
| ISA | Infrastructure South Africa |
| PSJ | Port St Johns |
| SIDS | Sustainable Infrastructure Development Symposium |

1) Engagement Overview

The Economic Reconstruction and Recovery Plan, as announced and detailed by President Cyril Ramaphosa, identifies infrastructure as a key driver to resuscitating the South African economy, following a prolonged period of economic decline further exacerbated by the current Covid-19 pandemic. Infrastructure Investment and development will serve as a key catalyst for large scale employment, industrialization focusing on small and medium enterprises (SME), and improved state capacity and legislative and policy reforms. In addition to the network industries (Transport, Energy, Water & Sanitation, and ICT), there will be great emphasis on social infrastructure, such as schools, health, human settlements, and student accommodation.

The Eastern Cape Province in its interest to further invest in infrastructure development as part of its economic recovery plan has been involved in a series of engagements with ISA to understand the national perspective of infrastructure investment and how it pertains to the Eastern Cape. The three-day engagement was planned on the back of these prior engagements. The Office of the Premier organised all relevant Eastern Cape role-players to take part in conveying the infrastructure plan of the province from the perspective of each entity. All Eastern Cape entities, including the Eastern Cape Socio-Economic Council (ECSECC), Eastern Cape Rural Development Agency (ECRDA), the Amathole District Municipality (ADM), the Buffalo City Metropolitan Municipality (BCMM), the Port St Johns Local Municipality (PSJLM), the East London Industrial Development Zone (EL IDZ), and many other infrastructure role-players had the opportunity to engage ISA on their strategic infrastructure projects and proposed where they would like to be assisted.

The October cabinet lekgotla mandated Infrastructure South Africa (ISA) to incubate five (5) High-Value Infrastructure Initiatives with the pilot site for the roll out of these initiatives being the Eastern Cape Province.

These initiatives are outlined below:

1. Elimination inappropriate school infrastructure
2. Towards the Eradication of Informal Settlements
3. Water Security Intervention Programme
4. Optimisation of the State's Property Portfolio
5. Proof of Value – concentration of human settlement infrastructure implementation piloted in the Eastern Cape

2) Objectives of Eastern Cape visit

1. Understand Eastern Cape Infrastructure Build Programme
2. Interact with Eastern Cape Provincial Government and Implementing Agents

3. Conduct site visits
4. Present High Value Infrastructure Initiatives
5. Find areas of synergy and collaboration

3) Attendance Registry

| | Date | Time | Role-players & Attendees | Venue |
|---|-------------------------------|-----------------|--|-----------------------------|
| 1 | 9 November 2020 Monday | 8:30 am to 7 pm | <ul style="list-style-type: none"> ▪ EC Office of the Premier ▪ ECSECC ▪ EL IDZ ▪ BCMM ▪ Transnet (EL Port) ▪ EC Department of Economic Development Environment Affairs and Tourism ▪ EC DPWI ▪ EC Rural Development ▪ EC Human Settlements ▪ EC CoGTA ▪ EC Treasury ▪ ECRDA ▪ ECDC ▪ Amathole District Municipality & Aspire Development Agency ▪ CDC ▪ ISA ▪ GCIS | EL ICC |
| 2 | 10 November 2020 Tuesday | 9 am to 3 pm | <ul style="list-style-type: none"> ▪ EC DPWI ▪ ADM ▪ ECRDA ▪ ECSECC ▪ EC Department of Economic Development Environment Affairs and Tourism ▪ EC DBE ▪ Alfred Nzo Municipal District ▪ Sarah Baartman Municipal District ▪ ISA ▪ GCIS | EL ICC |
| 3 | 11 November 2020 Wednesday | 9 am to 2 pm | <ul style="list-style-type: none"> ▪ Port St Johns Municipality ▪ ECSECC ▪ ECRDA ▪ CDC ▪ CoGTA ▪ ISA ▪ GCIS | Port St Johns Pholela Lodge |

4) Summary of Engagements – Day 1

Infrastructure South Africa (ISA) Perspective

ISA presentation covered the following aspects:

1. Infrastructure South Africa (ISA) is the single-entry point for all infrastructure projects and infrastructure as the fly-wheel to the South African economy.
2. Underspending in MTEF allocations as a contributor to the infrastructure backlog in the country.
3. Emphasis on the importance of economic data analysis in determining the focus areas for the necessary infrastructure development, utilizing economic research developed by ISA
4. Outline of different funding models and operationalisation of the Infrastructure Fund
5. Emphasis on the importance of sourcing funding outside the fiscus
6. Unpacking the programme to optimise state owned assets with keen interest to collaborate with Provinces in identifying the relevant immovable assets
7. Working towards a National Infrastructure Plan

The Eastern Cape province submitted 38 projects and/or programmes through the Sustainable Infrastructure Delivery Symposium (SIDS) process, and only 4 of the submitted projects were gazetted, namely;

1. The Mzimvubu Water Project,
2. Port St Johns - Small Harbour Development,
3. Mbashe Marine Tilapia Industry project, and
4. The N2 Nodal Development.

Eastern Cape Infrastructure Role-players

The ECPG prepared several presentations in order to share a detailed overview of the provincial infrastructure plan. These were delivered as follows;

1. Eastern Cape Provincial Engagement

The Eastern Cape Socio-Economic Consultative Council (ECSECC) as the public entity of the Eastern Cape Office of the Premier presented the infrastructure perspective of the province, as the council has the representation of all provincial role-players. The mostly rural province of the Eastern Cape is lagging behind the average annual economic performance of the country, with the EC GDP at 47% while the country's GDP is at 51%. The Eastern Cape is therefore in dire need of assistance.

The ECSECC presented the province's 5-point plan towards economic recovery. The plan stipulated the province's areas of strategic intervention, being infrastructure development, industrialization and sector

support, inclusive growth, digital economy, and public finance. The province has also identified 3 economic corridors where transit-oriented development will take place to catalyse economic growth.

The Eastern Cape Provincial Infrastructure Plan 2030 outlines 11 Provincial Strategic Projects (PSPs'), Strategic Catalytic Projects:

1. Catalytic (Mega) Projects,
2. Small Town Development (4 Towns Identified, one of the priorities is Port St Johns),
3. Urban Settlements Infrastructure,
4. Water & Sanitation,
5. Energy and Electricity,
6. Agriculture and Agro-logistics,
7. Education Infrastructure,
8. Health Infrastructure,
9. Transport Infrastructure (Roads),
10. Information and Communications Technology (ICT),
11. Enabling Interventions.

Due to a lack of readily available funds to implement all 11 of the PSPs, ISA suggested to the ECSECC and the Eastern Cape provincial infrastructure role-players at large to, "prioritize their priorities." This exercise requires strategic thinking as the projects that are prioritized need to be strategic and catalytic so that they may generate revenue and draw in further investment into the province.

The development stage of the projects should also inform the prioritization strategy. The Eastern Cape Provincial Government (ECPG) has commissioned Coega Development Corporation (CDC) and the Eastern Cape Development Corporation (ECDC) as entities to assist the province with project preparation. The Khawuleza Project Management Office (PMO) has also been identified by the province to assist with project preparation. In addition, the province has requested ISA to assist with project preparation support for the provincial strategic projects. The ECPG would like to be kept updated on the gazetted projects, and any other matters that pertain to infrastructure development in the province. The institutionalization of this partnership between the ECPG and ISA will support better communication transparency.

2. East London Industrial Development Zone Projects Overview

The East London Industrial Development Zone (EL IDZ) has prioritized two infrastructure projects. The EL IDZ's first project is the Multi-purpose ICT Hub, which has a data centre, and an ICT skills and training facility, call centre, and disaster recovery centre. The second project is the Meet-me room. The meet-me-room is a proposed undersea cable termination point at the EL IDZ.

3. Undersea Cables

The province, through the Eastern Cape Development Corporation (ECDC) is investing in two undersea cable projects. The first one is the Indian Ocean Xchange (IOX) cable to unlock rural Eastern Cape's access to fast internet and broadband and cheaper data costs. The proposed project has funding challenges.

The second project is the 2-Africa cables, which is at the financial model development stage and reviewing its revenue streams.

4. Buffalo City Metropolitan Municipality: Human Settlement Directorate - Duncan Village Densification Progress Report

Duncan Village is one of the many informal settlements in East London, with a population of 80 000, and 21 000 households. An estimated total of 13 755 of the population is backyard dwellers. The large informal settlement, which has 13 settlements within it will be developed in 5 phases, on 8 identified erven. Duncan Village will be an in-situ upgrade, where families will be relocated elsewhere while their Duncan Village homes are developed on their original site, with the construction of bulk services and formal structures.

The Buffalo City Metropolitan Municipality (BCMM) has identified 3 relocation sites in Mdantsane and other parts of East London. The BCMM is also looking into using Alternative Building Technology (ABT) to construct the households. The 21 000 units that are to be developed in Duncan Village are estimated to cost R4,25bn.

5. East London Industrial Development Zone: Port of East London

The port of EL IDZ has placed great importance on the aquaculture cluster, specifically marine species. The estimated total investment needed to develop the aquaculture (yellowtail & cob fish) cluster of the IDZ is R268,64m. There has been international interest shown by various corporations, however, international relations processes have halted further engagements. The EL IDZ would like ISA to assist with funding and the unblocking of international private corporation investments.

The EL IDZ has about 11 available stands for industrial development by interested investors.

In addition to the aquaculture cluster, the IDZ has various agricultural activities on site. The other major agricultural and agro-processing operations based in the IDZ, is the Sundale dairy operations.

Other nearby operations that require financial support, and could potentially be based at the EL IDZ are:

1. Mkhonjane/Bilatye Dairy Farm - requires irrigation infrastructure
2. Zanyokwe Irrigation Scheme – requires bulk water supply line
3. Asibuyimva cooperative/KATCO Citrus Farm – requires irrigation infrastructure

6. Transnet

The port of East London (EL) is one of 7 logistics ports in the country and has 7 licensed terminals. 3 of the licensed terminals are used by Transnet Port Authority, whilst the remaining 4 are used by private petro-chemical suppliers (BP, Total, Engen, & Altron). Similar to the economy of the Eastern Cape, the port of EL has been experiencing a decline in export volumes. The EL port has not received development since 1948.

The EL port exports automotive parts and assembled cars for Mercedes Benz South Africa (MBSA) and is the only port exporting livestock. The port of EL also has a wheat storage mill that has a 2,6 million tons capacity, and only 100 000 tons of grain is currently being processed through it. The EL port grain elevator

is the biggest in the Southern hemisphere with 4 million tons capacity, however, it is under-utilized. However, owing to the lack of substantial development of the port, certain industries have either opted to use other ports or have decreased the volume that they transport through the port, like wheat, timber, and mealie crop.

The growth of the EL port is limited by the narrow channel of 140 metres, thus restricting the vessels that can use the port. In addition to the narrow channel restriction, the port lacks investment and as a result, the port has equipment failures.

The Buffalo City Metropolitan Municipality and the EC Provincial Government is proposing that the port expansion be relocated to West Bank as the current EL port has a limited route for expansion and only one route to the port. West Bank is also an industrial area and requires revitalization. The current port and the proposed West Bank expansion will be connected by a boulevard; and there is a proposed railway that will connect the EL IDZ and the port. The EL port Transnet division emphasized the importance of investing in a parkade as MBSA is planning to increase its export volumes. MBSA has also invested R10bn in its manufacturing plant to accommodate the assembly of the new C-Class model.

Investment in the EL port will benefit Transnet and the economy of East London by increasing the volume of export and import, cruise tourism, additional capacity, and road-to-rail cargo migration. The Transnet EL port division would like assistance with coordinating all role-players in the EL port development and sourcing investment funds.

5) Summary of Engagements - Day 2

EC DPWI MEC's Perspective

The ECPG is working towards no longer just identifying its potential but seeing it come to fruition. The ECPG is committed to researching and adapting their incentives to attract and retain investment. The second day of the EC visit was dedicated to engaging the EC Department of Public Works and Infrastructure (EC DPWI) as well as the Amathole District Municipality (ADM).

EC DPWI placed particular emphasis on the eradication of inappropriate education and health structures, and the need to maximize the provinces R12bn property portfolio. A total of 550 properties were identified for development and form part of the current provincial bid book. A total of 55 properties have been advertised calling for development proposals from the private sector, to test the market appetite.

The recently launched PMO was identified as an initiative geared at ensuring capacity building within EC DPWI to carry out its mandate as a single-entry point for infrastructure development in the province. The Khawuleza project initiative was identified as the primary vehicle for project preparation.

1. EC Department of Public Works & Infrastructure

The EC DPWI presented a focus on precinct developments in Bhisho, Mount Ayliff, Port St Johns, and Addo, anchored by the development of office space and ECPG official's accommodation. Most of the above-mentioned precincts are at the concept stage and have bulk infrastructure challenges. The EC DPWI

will be using the District Development Model (DDM) approach and will thus be working with multiple EC infrastructure role-players.

The Bhisho office precinct development has been identified as a catalytic project for the ECPG. Phase one of the office precinct development will also have a social housing component to it, as there are no housing developments near the current Bhisho office precinct area. Phase 2 of the office precinct will house additional government departments and have a commercial aspect to it. Phase 1 of the precinct is ready to go out on tender; however, the bulk infrastructure contribution needs to be resolved.

Furthermore, there is a need to resolve bulk infrastructure limitations in the province, in order to unlock other infrastructure developments and investments.

2. Infrastructure South Africa

Similar presentation to Day 1 made with addition of the following focal points:

- a. Importance of strategically identifying catalytic projects that will have an effective ripple effect over a greater area.
- b. Importance of preparing and packaging projects in a manner that will attract project bonds and private sector funding.

3. Amathole District Municipality: Catalytic and Strategic Projects

The Amathole District Municipality (ADM) has a 2058 vision of developing a smart district, driven in part by Aspire, the ADM's development agency. Research and projects illustrate that residents of the district are migrating towards coastal and peri-urban areas. The ADM, by virtue of being a district with mostly peri-urban towns, relies predominantly on state infrastructure grants. The inability to generate revenue from rates and services places a substantial constraint on its ability to develop infrastructure. This leads to infrastructure and maintenance backlogs.

The ADM has looked into PPP funding model for many of its proposed projects. Resultantly, the ADM institutional arrangement has factored in a specialized transactional panel to assist with project process support and set up a PMO that works closely with the Aspire Development Agency to canvass investment opportunities (Investors and CSI funding). The ADM presented a number of their planned projects in various sectors, such as water & sanitation, manufacture, human settlements, ICT, transport, and small-town revitalization.

The ADM is requesting technical and resource mobilization support for the top 4 strategic high-impact priority projects, in either funding or project preparation assistance:

1. Aqua Solar Hybrid Powered Sea Water Desalination, estimated at a cost of R4,7bn,
2. Sustainable Water Solutions, estimated cost of R12,05 bn,
3. Upgrading and surfacing of the Provincial and Access Road Network, costing an estimate of R11,7bn,
4. Broadband Connectivity (Business Plan to be developed, and identification of the sources of funding to be determined).

6) Summary of Engagements - Day 3

Port St Johns Mayor's Perspective

The last day of the Eastern Cape visit was to the scenic town of Port St Johns. Port St Johns Local Municipality is one of the local municipalities in the OR Tambo District Municipality. It is envisaged as a destination of choice in the region with 11 unspoiled beaches and vast green fields with agricultural potential. Port St Johns has a Division of Revenue Allocation (Dora) allocation of an estimated R33 million per annum for 21 wards and 133 villages.

1. Port St Johns Local Municipality

Port St Johns (PSJ) has a scenic comparative advantage, with beaches, mountains, a meandering river through the town, and an airstrip. The small and economically devastated town has a couple of local economic development activities in the agricultural and tourism sectors. The topography of PSJ makes service delivery and infrastructure development difficult, with many parts of the town uneasy to access.

The PSJ municipality sources its funding from Municipal Infrastructure Grant (MIG), Integrated National Electrification Programme (INEP), and Small Towns Revitalisation Grants. The Office of the Premier (OTP) has also shown great support to the town. PSJ has various infrastructure projects that need funding, and the assistance of ISA is needed in this respect. The PSJ municipality needs additional funds for stormwater management. The small town recently experienced a devastating flood, as a result of inadequate stormwater management. The town is in dire need of bulk infrastructure (water, sanitation, and energy) upgrades, and general maintenance of its critical infrastructure that is facing imminent collapse.

The need for an alternative access route in and out of PSJ was emphasized, this has the potential to unlock further development in the town. The PSJ Municipality is currently carrying out the surfacing of several roads (Aggate road and internal streets).

The oceans economy was identified as having potential for the existing fishing cooperative, and logistics related to nearby agricultural activity.

The following were highlighted as catalytic projects, aimed at uplifting economic activity:

1. PSJ Airstrip development, which would also enable Mthatha Airport to have a diversion airstrip (Cable car to enable tourism attraction and network linkages),
2. 1st Beach waterfront development,
3. 2nd Beach tidal pool development,
4. Small harbor development,
5. Office precinct & Human settlement (ECPG Official's accommodation),
6. Fish factory and aquaculture,
7. An alternative route in and out of PSJ,
8. Commercial development – retail and office near the military base.

2. EC Rural Development Agency

The Eastern Cape Rural Development Agency (ECRDA) proposes a catalytic project that is focused on agro-tourism development. The project is a turnaround plan for Magwa Enterprise Tea, which consists of Magwa and Majola tea estates. The estate is currently the biggest employer in the OR Tambo district with about 3 500 workers. The ECRDA is a 100% shareholder of the Magwa Enterprise Tea.

The Magwa Enterprise Tea was established in 2019, following a history of administrative challenges in the management of Magwa and Majola Tea estates, that saw its production decline when the operations were placed under business rescue. Production resumed again in 2017, and currently, 1 400 tons are forecasted in 2020.

The Magwa and Majola tea estates have the potential to farm bananas, avocados, and macadamia nuts in addition to tea. In addition to the agricultural component, the location of the estate has the potential to attract eco-tourists with access to a waterfall and potential luxury accommodation at Magwa, near Magwa Falls. The ECRDA is proposing that the project be funded through a PPP structure.

The ECRDA is requesting ISA to assist with unblocking the difficulty in trading in the highly competitive tea industry so that the Magwa-Majola Tea estate makes a profit, and can invest in the turnaround plan for the estate, and may access international markets. The proposed project is aligned with the DDM.

3. Infrastructure South Africa

Similar presentation to Day 1 made with addition of the following points of discussion:

- a. Infrastructure South Africa proposed that the Port St Johns Local Municipality explore alternative funding models as grants and provincial interventions are insufficient to address the vast infrastructure backlogs of the town.
- b. Infrastructure South Africa suggests that the proposed project plans be mixed to draw from multiple funders.
- c. PSJ needs to prioritize projects that are to be implemented first.

7) RESOLUTIONS

1. Day 1

The ECPG and ISA resolved upon the following 15 key considerations:

1. Project preparation - CDC & DBSA (IA's) to assist ECPG to identify and with assistance from ISA, prioritize projects that form part of the ECPG project pipeline,
2. Skills development for the province, (bringing in retired professionals through tapping into the SNS in Durban), to drive implementation experience.

3. Eradication of inappropriate school infrastructure, EC DBE to assist with the list of such schools following the rationalization process of such schools,
4. Eradication of informal settlements (bring in DHS and HDA to conclude the project planning process for Duncan village as the pilot for the use of ABT),
5. Research, development, and innovation, (EL IDZ techno-park and ECDC and CSIR initiative, with the plan to aggregate the various innovations). There is a need for a centre to facilitate all innovation,
6. EC to seriously consider the use of BIC ABT and consider whether BIC manufacturing should be near the areas it will be used in, or if it will be located in the larger industrial areas of the province,
7. Revitalisation of Port St Johns and other identified small towns,
8. Optimization of state property: identify land owned by the ECPG, BCMM, EC DPWI, and strategic traditional authority-owned land,
9. Alignment of the provincial infrastructure plan and the national infrastructure plan 2045,
10. Inform prioritization through collaborating with ISA, using scientific data and algorithm (modelling),
11. Convey the information shared in the ECPG-ISA engagements visit with municipalities,
12. Improve project community facilitation, especially of the gazetted projects
13. Ease of doing business: licensing office regulation and incentive packages clarity
14. Alignment of the EC data management centre at ECSECC with the Khawuleza PMO, and ISA (Presidential War room),
15. Bilateral engagement between the presidency and all the EL port role players.

2. Day 2

The ECPG, EC DPWI, and ISA resolved upon the following 12 key considerations:

1. EC DPWI to now focus on the financial detail of the Bhisho precinct development, the funding model, and the specifics of the R3,9bn estimated amount,
2. Discuss the bulk infrastructure projects and how they are to be implemented first to enable all other developments to occur,
3. Develop social impact assessments for all the proposed projects,
4. ECPG to prioritize the projects presented for the highest socio-economic impact,
5. ECPG & ISA to engage on granular detail, of projects presented and advise on how to prepare and package for SIDS submission,
6. The ECPG Rural Roads Plan needs to be aligned with the National Treasury allocation for the Rural Roads Upgrade SIP. ISA and ECPG to collaborate on aligning the plans.
7. Opportunity to develop a more sustainable waste management approach for all rural municipalities, ISA can assist with outlining various rural approaches to waste management,
8. Look into climate change and environmental sensitivity to attract stakeholders who have a 'green' interest, and green funding mechanisms.
9. Through an institutional mechanism ISA can work together with the EC to facilitate the upgrading and surfacing of the provincial access road network projects, and the broadband connectivity project,

10. The eradication of inappropriate structures is also a project that EC and ISA can work together on so that the project can move along the project pipeline,
11. ECPG and the dedicated ISA team towards EC, to sit jointly to assist the ECPG with project planning, coordination, and prioritization.

3. Day 3

The ECPG, PSJ Municipality, ECRA, and ISA resolved upon the following 12 key considerations

On day 3 of the EC engagement visit, the Port St Johns Local Municipality decided on the following:

1. Disaster management, stormwater management, and alternative road access are priority projects, as they directly affect the safety of the whole town, and its ability to attract investment,
2. PSJ and CDC would like ISA' s assistance with project preparation and packaging for priority projects,
3. ECRDA requested assistance from ISA with engaging the competition commission regarding the tea industry challenges, such as access to market and existing monopolies,
4. ECPG, CoGTA, & ISA to assist with project planning and prioritization aligned with the DDM approach,
5. OTP to assist the PSJ Municipality with the alignment of planned projects to the gazetted SIP's, and the formulation of clear action plans

8) AREAS OF ALIGNMENT & OPPORTUNITIES

Following the 3 days of engagements with the Eastern Cape Provincial Government (ECPG) the following areas of alignment were identified.

Alignment to High-Value Infrastructure Investment Initiatives

1. Eradication of inappropriate school infrastructure
 - a. Eastern Cape hostels and special needs schools
2. Eradication of Informal settlements
 - a. BCMM Duncan Village & Greater Buffalo City informal settlement upgrade project
3. Water Security Intervention Programme
 - a. The uMzimvubu multipurpose development water project
 - b. The irrigation schemes at Port St Johns, Lambasi, Zanyokwe, and Ngqushwa
 - c. Ndlambe Water scheme
 - d. Makana Water scheme
4. Optimization of the State's Property Portfolio
 - a. DPWI Bhisho office precinct and state development

- b. Small town revitalization programme of 4 small towns (Ports St Johns, Mount Ayliff, Addo & Bhisho)
 - c. Port St Johns Town development
 - d. EL Port Upgrade and Marine Development
5. Proof of Value concentration on human settlement infrastructure (Implementation piloted in the Eastern Cape)
- a. DPWI Bhisho state accommodation development
 - b. Addo small-town revitalization human settlements component

Alignment to long term National Infrastructure Plan (NIP 2045)

1. Roads & transport (Network industry)
 - a. N2 Wild Coast highway
 - b. Wild Coast meander roads from Kei Mouth to Port St Johns
 - c. Rural roads programme
2. Agriculture and agro-processing and aquaculture (Mass employment industry)
 - a. East London IDZ – Aquaculture farm (Yellowtail & Cob Fish)
 - b. Mbashe - Marine Tilapia project
 - c. Magwa and Majola Tea factories
 - d. Port St Johns and surrounds marijuana industry development
3. Health infrastructure (Social infrastructure)
 - a. Nelson Mandela Academic Hospital Revitalization – resuscitating the project as part of the 4 Mega Hospitals programme
4. Information and communications technology (Network industry)
 - a. SA Connect broadband project in the OR Tambo district
 - b. Office of the Premier broadband rollout
 - c. EL IDZ Multipurpose IT Hub (IOX, 2 Africa cable, data centre)
5. Tourism (Mass employment industry)
 - a. Port St Johns 1st beach waterfront development, and 2nd beach tidal pool
 - b. Magwa falls eco-tourism park (Hotel and suspended bridge)

9) PROPOSED PROJECT PRIORITIZATION

At a high level, the projects presented by the ECPG reflect an alignment to the District Development Model, referred to as the One Plan. Following that, the projects must contribute to the National

Infrastructure Plan 2045 (NIP45). Each Department, Agency, or Municipality presented a number of their catalytic infrastructure projects. A key feature in all the projects was the budget constraints.

The equitable development of the province must be considered in the proposed projects to be prioritized. ISA's principle will be to engage with the ECPG and its entities to further interrogate the merits of the proposed catalytic projects and arrive at a proposal that selects the highest impact, and socio-economic beneficial projects. The project will be representative of each district to ensure a consistent thread of infrastructure development throughout the province.

ISA agreed to assist the province with economic & statistical modelling and spatial planning analysis, to determine the prioritizing of the highest impact, and catalytic economic and social projects, with coordination being conducted by ECSECC. ISA further offered to partner with the province's implementation agents, namely; Coega Development Corporation (CDC) and Development Bank of Southern Africa (DBSA) regarding the implementation. As such ECSECC will be requested to coordinate the presence of CDC and DBSA to further understand projects in their respective pipelines.

10) MATTERS TO FOLLOW UP ON (RESOLUTIONS AND UNBLOCKING)

During the course of the site visit, several urgent matters were identified for immediate follow-up and unblocking, between ISA and the ECPG. Mr Mbaso Tshombe has been identified as the Programme Manager for ISA in these initiatives with ECPG. The matters are captured in the table below, and the proposed timelines are subject to change.

| Item No | Item | Intervention | Timeframe | Responsible |
|---------|---|---|-----------|---|
| 1. | Project Priority Coordination | a) Engagement to analyse and determine the priority projects | 3 months | ISA (Mbaso Tshombe, Dr Hubert Joynt, Nqobile Dinga), ECSECC, ECPG Khawuleza PMO |
| 2. | EL Port Upgrade & Marine Development | a) Review the business case and economic modelling in order to improve the case for the port upgrade reflecting a negative NPV. ISA to assist with coordination of all role-players | 3 months | ISA (Dr Hubert Joynt, Njabulo Khuzwayo), Transnet, BCMM, & ECSECC |
| 3. | EL IDZ | a) Facilitate Engagements with IDC regarding the required funding for the fish farm and international investment | 2 months | ISA (Tshwanelo Rakaibe, Ditshego Tsebe, Reshoketswe Maepa), EL IDZ, ECSECC, |
| 4. | DPWI Precinct developments & 4 Small Town revitalizations | a) Understand scope, timelines, and budget constraints and challenges in order develop PPP proposals. Bhisso office and | 2 months | ISA (Thabang Tladi, Mbaso Tshombe, Rofhiwa Tahula), DPWI, ECSECC |

| | | | | |
|-----|---|--|----------|---|
| | | accommodation precinct to be prioritized | | |
| 5. | Port St Johns New Town Development | <p>a) Provide support to the rollout of bulk infrastructure in PSJ, e.g. Roads, Stormwater, Office precinct projects timelines and budget</p> <p>b) Unlock and make available state land for development by mapping and understanding land ownership patterns, e.g DPWI and the PSJ Local Municipality.</p> | 3 months | ISA (Thabang Tladi, Mbasa Tshombe, Sabelo Mahlangu, Dr Hubert Joynt, Anna Sango), DPWI, PSJ Municipality, ECSECC, MISA, COGTA |
| 6. | <p>EC DPWI</p> <p>Unlocking value of EC property portfolio</p> <p>Logistics and connectivity infrastructure</p> | <p>a) Request entire EC property portfolio (Asset register) and explore value for money developments. Details on the 550 identified properties and the 55 that have been put out on tender to test the market</p> <p>b) Introduce an institutional mechanism that will allow for ISA to assist the EC with the upgrading and surfacing of the provincial access road network projects and the broadband connectivity project</p> | 1 month | ISA (Mbasa Tshombe, Thabang Tladi, Dr Hubert Joynt, Muzwandile Buthelezi, Siphon Rikhotso), DPWI, Transnet, ECDC, ECSECC |
| 7. | Road Network Programme | <p>a) Alignment of the ECPG plans with the Roads programme</p> <p>b) Focus on the Rural Roads programme</p> | 2 months | ISA (Dr Hubert Joynt, Muzwandile Buthelezi, Avik Singh), DPWI, EC DoT |
| 8. | Presidential Data War Room | a) ISA to guide ECPG regarding the Integrated infrastructure data geo-portal, and ECPG's desire for a similar system | 3 months | ISA (Sabelo Mahlangu, Reshoketswe Maepa), ECSECC |
| 9. | Monitor rollout of eradication of inappropriate infrastructure | a) Plans and progress towards eradication of inappropriate infrastructure (Education and health) programme | 1 month | ISA (Mbasa Tshombe, Masopha Moshoeshe, Nqobile Dinga), DPWI, ECSECC |
| 10. | Information sharing | a) Collaboration, coordination, planning, and infrastructure information sharing | On-going | ISA (Mbasa Tshombe, Anna Sango) ECSECC, ECPG, ADM |
| 11. | Aqua Solar Hybrid Powered Desalination Plant | a) Understanding the project, its benefits, challenges and advancing the PPP process | 1 month | ISA (Mbasa Tshombe, Gary King, Miriam Chikwanda, Njabulo Khuzwayo), ADM, |

| | | | | ECSECC |
|-----|---|---|----------------|--|
| 12. | ADM and Ndlambe catalytic and BFI submitted projects | a) ADM Provincial and municipal roads and Ndlambe water project and 4 catalytic projects | 1 month | ISA (Dr Hubert Joynt, Mahlatsi Molokomme, Rofhiwa Tahula), ADM |
| 13. | Waste Management Plan | a) Development of strategy b) Opportunity to develop a more sustainable waste management approach for all rural municipalities, ISA can assist with outlining various rural approaches to waste management | 6 to 12 months | ISA (Masopha Moshoeshe, Siphon Rikhotso), ADM |
| 14. | Tea market challenges | a) Assistance to ECRDA with the Competition Commission regarding the tea market monopoly challenges. b) Access with entry to the tea market | 2 months | ISA (Nombulelo Nyathela, Avik Singh), ECRDA, ECSECC |
| 15. | ISA Commitments to ECPG & ECSECC | a) Share the model of capacity building with the EC province. b) Share the funding models c) Opportunity to develop a more sustainable waste management approach for all rural municipalities, ISA can assist with outlining various rural approaches to waste management | 3 to 6 months | ISA (Mbaso Tshombe, Mameetse Masemola, Mahlatsi Molokomme, Njabulo Khuzwayo), ECSECC |
| 16. | Project preparation and packaging | a) Engagement with the ECPG and its entities and assisting with the required project preparation and packaging, and advise on potential funding mechanisms | 3 to 6 months | ISA (Mbaso Tshombe, Mpho Mokwele, Mahlatsi Molokomme, Nqobile Dinga), ECSECC, EC DPWI, CDC, DBSA |
| 17. | Facilitation and support to EC projects gazetted following the SIDS | a) Mzimvubu Project – currently being reviewed b) Small Harbour Development in PSJ – R14 m required for project preparation c) Marine Tilapia Industry – feasibility done, at bankable feasibility stage d) N2 Nodal Development – pre-feasibility stage | 6 to 12 months | ISA (Mbaso Tshombe, Masopha Moshoeshe, Alvino Wildschutt-Prins) ECSECC |
| 18. | SIPS/Infrastructure Investment Plan/Special Programmes | a) Rural bridges programme to be upscaled b) Rural roads programme | 6 to 12 months | ISA (Mbaso Tshombe, Masopha Moshoeshe, Alvino Wildschutt-Prins) ECSECC |

| | | | | |
|-----|--|---|--|--|
| | | <ul style="list-style-type: none"> c) PV and water saving programme d) Comprehensive Urban Management Programme e) Removal of Alien vegetation f) Student accommodation using current government buildings | | |
| 19. | High Value Infrastructure Investment Initiatives rollout | <ul style="list-style-type: none"> a) Elimination of mud schools by end 21/22, descent sanitation by 22/23, utilisation of alternative building technology to eliminate 510 inappropriate schools in SA b) Eradication of informal settlements – Duncan Village the priority, to be followed by Uitenhage/Despatch c) Optimisation of state property portfolio | | |

The envisaged aim is to complete the preparatory work (i.e. item 1 above) by the end of the first quarter in 2021.

11) SITE VISIT PICTURES

East London Engagement



Figure 1 & 2: Engagements with Eastern Cape Provincial Government and its Entities

East London Site Visit

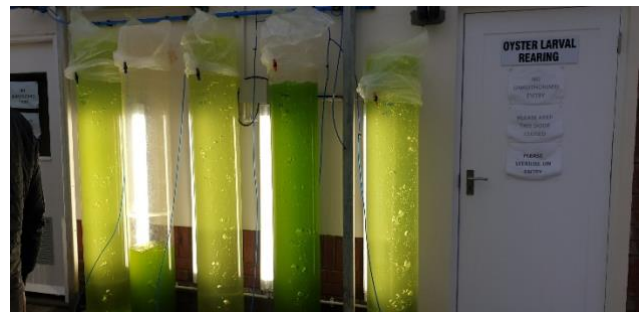


Figure 3 & 4: EL IDZ Yellowtail & Cob Farm

Port St Johns Site Visit



Figure 5 & 6: Proposed Port St Johns small harbour site

12) CONCLUSION

At a strategic level, the visit achieved the following:

- a. Strengthened relationships between ISA & ECPG,
- b. Strategic relations established with other ECPG entities,
- c. Improved understanding of projects (site visits) and physical interaction with project sponsors,
- d. Fostered a cooperative and consultative spirit between ISA and ECPG, and its entities.

The trip was successful in painting the infrastructure needs of the ECPG, and providing better insight into ISA. The ECPG and specifically Port St Johns Municipality has invited ISA for a two-day stay to fully appreciate the tourism and agriculture potential, through site visits, of the Port St Johns surrounds.

During the course of the visit, ISA conducted a radio interview with uMhlobo Wenene FM, on 9 November, and with Sajonisi Youth Radio Community station on 11 November. Both interviews were pertaining to the ISA visit and the planned infrastructure projects by the ECPG.

ISA has nominated Mbasa Tshombe to represent ISA in further engagements with the ECPG.

ISA made commitments to assist the ECPG and its entities, as outlined in the section **MATTERS TO FOLLOW UP ON (RESOLUTIONS AND UNBLOCKING)** above. The way forward is further detailed engagements with ECPG on the identified priority matters.

13) ANNEXURES

1. Attendance Registers for each day