

Previous Projects and Programmes the IDC Financed

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3 Large Scale Projects/Programmes

1. REIPPPP

- The draft Integrated Resource Plan 2010 (IRP 2010) informed the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP)
- IDC participated in:
 - Wind Energy Generation
 - Solar PV Energy Generation
 - Concentrated Solar (CS) Energy Generation
 - Gas supply for electricity Generation
 - Biomass

2. Mozal

3. Automotive Manufacturing and Assembly Project



REIPPPP - Wind Energy Generation: IDC Participation and Exposure

- IDC exposure to wind energy projects completed amounted to R3.2 bn at the end of October 2019, with a total installed capacity of 345MW.
- Dividends received by the IDC from the various wind generation projects amounted to R452 million, representing 14% of the total exposure to the projects.
- Companies funded by the IDC include a manufacturer of wind turbine towers, a turbine blades manufacturer and a wind tower internals or components maker.
- A sample of three IDC investments in the Northern Cape is shown in the table. The projects have been connected to the hydra transmission substation. A combined 150km of internal access roads were built, while 170km of internal 33kV overhead electrical reticulation lines were installed and 45km of 132 kV transmission line.

	Project X	Project Y	Project Z
Financing Amount	R1.1bn	R785m	R163m
Total Investment Facilitated	R2.6bn	R1.9m	R163m
Jobs Created/Saved	184	149	149
BEE Shareholding	20%	20%	0%
Total Assets	R2.5bn	R1.8bn	R1.1bn
Turnover	R350m	R265m	R204m



REIPPPP - Solar PV Energy Generation: IDC Participation and Exposure

- Since the launch of the IRP 2010, solar PV capacity has increased to a total of 1 474MW installed by 2018.
- IDC-funded projects account for 14.4% of the total solar PV capacity constructed.
- The 8 solar PV projects funded by the IDC have a combined capacity of 213MW, with the total exposure amounting to R1.3 billion.
- Dividends received amounted to R291 million at the end of January 2020, highlighting the income generation capabilities of these projects.

	Solar PV Project in Northern Cape
Financing Amount	R675m
Total Investment Facilitated	R686m
Jobs Created/Saved	237
BEE Shareholding	30%
Total Assets	R2bn
Turnover	R312m



REIPPPP - Concentrated Solar Energy Generation: IDC Participation and Exposure

- IDC has funded almost all CS power projects completed in SA, 350MW out of the total of 500MW.
- 5 CS projects funded - total exposure: R6.8 billion and total overall approvals: R8.4 billion.
- In 2018, IDC approved funding for a 100MW power project in the Northern Cape (Project A). Additional funding was approved in 2019 for inclusion of community participation and project construction. The site is spread over 850 000m², making the plant the biggest solar complex in Africa when combined with the adjacent solar power plant. The solar plant will be capable of meeting the electricity needs of more than 95 000 households and prevent 348 000t of carbon emissions a year.
- Project B was funded to deliver 100MW CS with storage

	Project A	Project B
Financing Amount	R2bn	R2.6bn
Total Investment Facilitated	R9.8bn	R2.7bn
Jobs Created/Saved	668	913
BEE Shareholding	20%	30%
Total Assets	R8.4bn	R8.2bn
Turnover	R1.7bn	R1.3bn



REIPPPP - Gas Supply for Electricity Generation: IDC Participation and Exposure



- SA's only developed gas resource is set for closure in 2020, making the country reliant on imported gas, especially from Mozambique. SA is developing liquified natural gas (LNG) terminals to diversify its imports sources, for gas shortages are envisaged as supply from Sasol diminishes from 2025 onwards.
- IDC is participating in the 450MW combined-cycle gas turbine power plant in Mozambique. The plant will contribute to the Southern African power pool and improve grid stability for the whole region.

The project also includes the construction of a new 100kV transmission line, as well as the infrastructure and equipment required to connect the facility to the grid of Electricidade de Mozambique.

	Gas Turbine Power Plant
Financing Amount	R394m
Total Investment Facilitated	R1.2bn
Jobs Created/Saved	93
BEE Shareholding	15.9%
Total Assets	R903m
Turnover	R180m



REIPPPP - Biomass: IDC Participation and Exposure

- The first biomass energy (power) project under the DoE's REIPPPP, the first to have Employee and Community Trust ownership, both IDC funded; and is the first REIPPPP in Mpumalanga.
- Employs more people per MW than any other technology, even coal power stations, whilst being Green.
- Ownership and Management will be minimum 51% black-owned and management 66% black people.
- It will burn forestry residues not suited for timber or pulp to produce steam and then power. During operations 91% of spend is empowered spend, with R400m on SMMEs, R200m on women owned suppliers, CSI spend is R230m, ED spend is R90m.

	Biomass Energy Project in Mpumalanga
Financing Amount	R63m
Total Investment Facilitated	R382m
Jobs Created/Saved	620
BEE Shareholding	17.5%
Total Assets	R1.6bn
Turnover	R447m



MOZAL – Background and Project Overview

- The Mozal aluminium smelter started operations as a producer of aluminium exclusively for export.
- Owned by an international consortium, with IDC holding 24%, backed by a US\$2bn investment
- The project is situated 20km west of Maputo in Mozambique, and is built on 1.3 million m² site.
- Commenced in 1993 as part of the Mozambique government's recovery programme to rebuild the country after a prolonged civil war.
- The project was completed ahead of schedule, under budget and with a smooth start-up.
- The operation, the first major foreign investment in the country, was officially opened in September 2000 and was the biggest private sector project in Mozambique.
- Originally commissioned as a 250 000 ton per annum smelter.
- Mozal II (2003) extended capacity and it now the largest aluminium producer in Mozambique and 2nd largest in Africa, with a total annual production of 580 000 tons.
- Responsible for 30% of the country's official exports and uses 45% of the electricity produced in Mozambique.
- In February 2013 an agreement was signed under which it will supply 50 000 tonnes of aluminium to a producer of aluminium cables in Mozambique.



MOZAL – Macro-Economic Impact

- Project peak funding = 20% of GDP
- Export Earnings = US\$430 p.a. (170% of merchandise exports for 1998) or US\$9 bn over the lifetime of the project
- Job creation:
 - Construction phase – up to 5 000 and 50% of these are Mozambican
 - Operational phase – 900 direct jobs (800 Mozambicans) and 2 600 indirect jobs
- Potential future downstream aluminium development projects
- Infrastructure developments to include two power transmission lines of US\$ 100m
- Increased traffic through the under-utilized ports at Maputo and Beira
- Belulane Industrial Park estimated to create 20 000 additional jobs when fully operational
- Promotion of regional trade integration, enhancement of the viability of the Maputo Corridor
- Increased foreign investor confidence
- Technology transfers
- Skills development and transfers (more than 5 000 were trained by Mozal)



MOZAL – Impact on the Mozambican Economy

	Mozal I	Mozal II
Value added	US\$ 160m p.a. (4.5% of 1998 total GDP)	US\$ 170m p.a. (4.6% of 1998 total GDP)
Project Peak Funding	35% of GDP	
Export Earnings	US\$ 430m p.a. (170% of merchandise exports for 1998) or US\$ 9bn over the project's life time	US\$ 410m p.a. (165% of merchandise exports in 1998)
Revenue	Tax Revenue: US\$ 4.1m p.a. due to a 1% levy on turnover Dividend Income: US\$ 5m p.a. due to a 4% stake in the project	Tax Revenue: US\$ 4.1m p.a. due to a 1% levy on turnover
Jobs Created/ Saved	Construction phase: 9 000 employees – 65% Mozambicans Operational phase: direct: 600 - 550 Mozambicans Indirect: 2500 due to linkages with the rest of the economy	Construction phase: 6 000 jobs at the peak – 4 500 Mozambicans Operational phase: direct: 260 Indirect: 1500
Other	Roads networks and bridges, telecommunication systems, water supply/pipelines, sewerage and drainage systems, new harbor facilities	



Automotive Project – Coega IDZ in Eastern Cape, Nelson Bay Metro



- South Africa's automotive industry's biggest greenfield investment in 40 years
- Multi-billion rand joint venture with a Chinese car manufacturer - estimated to make a substantial contribution to the SA economy through its purchases of local goods and services in the amount of R6 082m annually
- The Chinese car manufacturer is the majority shareholder with 85% equity
- At full capacity the plant is expected to produce up to 100 000 units a year, consisting of cars, SUV's and pickups.
- ± R7 209m of value add (GDP) will be generated in the domestic economy in a number of sectors whose production activities can be associated with the project



Automotive Project - Continue

	Investment in Automotive Manufacturer – EC
Financing Amount	R1.5 bn
Total Investment Facilitated	R4.4 bn
Jobs Created	1 722
BEE Shareholding	0%
Total Assets	R4.3 bn
Turnover	R5.2 bn

- Total sales (turnover) is estimated at R10 427m p.a. during the operational phase
- Once fully operational, the project is expected to employ 784 directly at the assembly plant
- The economy-wide impact (multiplier effects) will be substantial, e.g. around 18 132 jobs (directly and indirectly) across a number of sectors in the SA economy may be associated with the production activities of the project



Automotive Project - Continue

Every OEM added to the SA Auto industry will significantly increase the total volume of vehicles produced locally resulting in:-

- Positive contribution to the country's GDP.
- Improved economies of scale to justify increased localisation and local content.
- Creating and sustaining employment throughout the value chain.
- Direct and indirect Job creation by the OEM and supply chain.
- Technology and Skills transfer
- Increased Export Sales and positive contribution to the country's Balance of Payment.
- Increased Foreign Direct Investment.
- Positive contribution to the Fiscus (direct and indirect taxes).