PROGRESS REPORT ON IMPLEMENTATION OF THE INDUSTRIAL POLICY ACTION PLAN (IPAP) FOR THE FINANCIAL YEAR APRIL 2013 TO MARCH 2014 TO THE TRADE AND INDUSTRY PORTFOLIO COMMITTEE OF THE NATIONAL ASSEMBLY
Key transversal highlights for the financial year

- **Procurement:** Proudly South African (PSA) unveiled South Africa’s above-the-line buy-local campaign, “BuyBack SA”, a collaborative effort between the dti, business and PSA in November 2013. On 5 July 2013, the Minister launched the new SABS Local Content Verification Office, together with a new technical instrument (SATS 1286) in support of South Africa’s localisation strategy for state and SOE procurement.

- Part of the 2013-2014 Family Planning Tender (all SA-made contraceptives) worth an estimated R100 million has been designated. Preliminary data show that 70% of the 2013-2014 anti-TB tender (worth R 850 million) has been won by SA manufacturers.

- Transnet has awarded contracts for the procurement of 1 064 locomotives, collectively valued at R50-billion, to four separate companies, including two locally based companies.

- Manufacturing Competitiveness Enhancement Programme (MCEP) approved 562 projects with a projected investment value of R15.9bn. The programme helped to sustain 139 911 jobs since its inception in agro-processing, metals, chemicals, plastic, electro technical, printing, pharmaceuticals, film and wood.

- Total MCEP grant amount approved by sector: R 136 million in Agro-processing sector with an investment value of R453 million and 4,101 jobs retained, R106 million in the chemicals sector with an investment value of R 339 million and 1, 395 jobs retained, R164 million in Metals sector with an investment value of R549 million and 2,646 jobs retained, R1.5 million the Wood sector with an investment value of R 3.3 million.

- 12i tax incentive offered R20-billion in tax deductions, distributed among compliant manufacturing projects between 2010 and 2015. The actual tax allowance for investment in manufacturing assets ranged between R350-million and R900-million a project, depending on the type of project and its status. Tax of between R20-million and R30-million a project were available for skills development and job creation. 41% or R20-billion of the 12i budget had been allocated to 26 projects. Within the awarded tax allowances, Phyto Amandla, Rainbow Nation Fuels and Sephaku were awarded over R896-million, while Sappi and Arengo 316 have been awarded over R543-million.

- The Manufacturing Investment Programme (MIP) approved 1856 projects, with projected investment of R35.4 billion and 43, 570 jobs, and a total incentive value of R4.9 billion. 498 (27%) projects in Agro-processing, 462 (25%) and 418 (22.5%) in Metals and Chemicals sub-sectors, respectively.

- IDC stepped-up R2.7-billion funding to boost youth entrepreneurship. IDC invested R45bn in the past four years into projects in the form of equity or loans, also in the services sector, infrastructure development, and the green economy.

- Sasol invested R1.9 billion into an ethylene purification plant which will contribute in providing the South African plastics manufacturing industry with an additional 47 000 tons of polyethylene annually with government support.

- Implementation of developmental trade policies was inclusive of the following interventions: With respect to customs related work SARS implemented a new automated customs management system with 94 000 import and export declarations processed since its inception. SARS also implemented the following ITAC duty/rebate decisions:

  - Rebate of duty on palm oil used in the manufacture of edible fats, increase in duty on certain frozen poultry products, reduction in the rate of duty on Polyethylene Terephthalate film (PET film).

  - Strengthened enforcement system of NRCS: 8 out of 10 of the planned ports have been piloted, other significant border enforcement activities included running of a 6 week port of entry peak season blitz at specific ports of entry (City Deep, Durban Harbour and the Cape Town Harbour) to respond to the festive season spike in imports. To date (2008/9 to 2013/14) NRCS destroyed non-compliant products to the value of R438 million.

  - The Competition Tribunal confirmed the settlement agreement reached between Telkom and the Competition Commission, whereby Telkom agreed to pay a fine of R200-million over three years, which resulted in the restructuring of the telecoms market.

  - Findings include Astral with an administrative penalty of R16.7 million; Glass SA fined R4.3 million: MGK R32 346.00. The exclusionary conduct or margin squeeze case against SENWES limited was settled with the Commission. The construction cartel settlements were concluded. The prosecution phase is due to begin in the 2014-15 financial year. A market inquiry into private healthcare has been initiated. A review of the implementation of the banking inquiry recommendations is underway.
Key sectoral highlights for the financial year

- Since its establishment the Automotive Investment Scheme (AIS) has approved 200 projects, with total estimated investments of R26.2bn, supporting 56,197 jobs and is expected to create 21,836 new jobs.
- Implementation of support measures has stabilised a sector in deep distress significantly slowing down employment decline and factory closures. Since inception the Clothing and Textiles Competitiveness Programme (CTCP) has processed 924 applications to the value of R3bn were approved under the Production Incentive. To facilitate cluster-level engagements, the National Fashion Council was established and the funding structure developed, while the National Leather and Footwear Cluster at the Vaal University of Technology was established to accelerate skills and technology development in the Leather and Footwear sector. The footwear industry has registered an increase in production to 100 million units in next 3 years. For example the Southern Cape Regional cluster increased production from zero to 6,350 pairs per day (approximately 133,350 pairs per month) thereby creating 560 sustainable new jobs.
- Since its establishment in 2010, the competency-based apprenticeship programme under the National Tooling Initiative (NTI) has created a pipeline of more than 1,000 new students. R200m was allocated from the National Skills Fund to train a further 970 new apprentices under the National Tooling Initiative. 345 workers were trained under the National Foundry Technology Network.
- Since inception in 2013, 17 projects valued at R422m were approved for Aquaculture Development and Enhancement Programme (ADEP) to the value of R106m. 8 new products in the South African Fruit and Vegetables Canning Association (SAFVCA) were launched by the Minister in Cape Town. To date seven biofuels manufacturers have been licensed by the Department of Energy.
- Since inception in 2011, the total amount of claims paid on the Business Process Services incentive has reached R249.6 million and the number of jobs sustained is estimated at 8,904. The successful and growing impact of industry demand resulted in the Monyetla Work-Readiness Programme training 3,819 learners as BPS agents (3,233 agents and 586 team leaders trained) and a total of 2,120 competent learners being placed in employment. In the period under review 8 new projects have been approved on the BPS incentive programme which will create an additional 2,421 jobs and attract R528 million in investments over 3 years.
- The Department of Energy evaluated 17 bids in the 3rd round under the Renewable Energy Independent Power Producers Procurement Programme (REIPPPP). The total preferred bidders’ investment is estimated at R33.8 billion with a local content value of R15.9 billion and 7,915 jobs expected to be created. The IDC’s total REIPPPP-related commitments currently stand at R7.7 billion. The IDC approved funding for 43 projects worth R3.8 billion in Green Industries.
- The film industry continues to grow on the back of support through the Film and Television Production and Co-production Incentive. 398 productions were supported since inception of the incentive. Between April 2013 and March 2014, 85 film and TV productions were supported by the dti, with an estimated total investment of R2 billion.
- Arising from a joint initiative between the Cape Craft & Design Institute (CCDI) and National Treasury’s Jobs Fund programme, implemented by the DBSA over R5.5 million was disbursed to 44 participating enterprises, while the businesses themselves contributed over R1.3 million.
- Airbus Military, part of the Airbus group, announced in 2013 that it had awarded South African aerospace company Aerosud major component contracts for the A400M airlifter for the whole of the programme.
Key challenges

- Intragovernmental policy coherence and aligned implementation remains a challenge notwithstanding considerable advances in the recent period.
- An urgent need for Government to step up efforts across departments to develop a methodology for establishing more rational and consistent administered prices for industrial users regarding electricity, water supply costs and shutdowns; port and freight logistics charges and inefficiencies. These costs limit the country’s economic development, thus impeding industrial development and competitiveness.
- Persistent skills deficits and mismatches – especially in critical sectors of the productive economy – continue to hamper industrial and technological development. There is an urgent need for further demand-led skills interventions in these sectors.
- The price of key intermediate inputs – particularly steel products and products in the plastics value chain such as polymers and fertilisers – remains a binding constraint on the competitiveness of the domestic manufacturing sector.
- South Africa is yet to start making a decisive break from its entrenched consumption-driven growth model. There is modest investment in the productive economy, characterised by relatively high finance costs and onerous term conditions.
- It is important to guard against the potential unintended consequences of policy fragmentation in the environmental arena. Therefore great care must be taken not to produce and implement ‘blanket' environmental legislation without properly designed phasing-in mechanisms for vulnerable sectors including with respect to the intention of implementing a carbon tax.
- The implementation of state infrastructure is hampered by problems relating to insufficient structural and operational integration in Government.
- The expeditious roll-out of the public infrastructure investment programme is critical, and will need to be supported by robust localisation measures to ensure that the infrastructure build does not ‘suck in’ unnecessarily high volumes of imports relating to State Owned Companies.
- The necessity to develop a coherent and aligned strategy to maximise the enormous potential presented by African growth including with regards to exports and regional integration.

Introduction

In line with previous reports, this IPAP report focuses on the 2013/14 financial year. It provides a comprehensive review of key achievements and it also points to constraints which continue to pose a threat to the industrial sector. It also reflects on progress and challenges encountered during the period under review. The results outlined below reaffirm the importance of a well- resourced and evidence-based industrial policy that is underpinned by rigorous stakeholder engagement.
1. Key Achievements

1.1. Public procurement

Government continued to use (i) designation/local content, (ii) National Industrial Participation Programme (NIPP) and (iii) the Competitive Supplier Development Programme (CSDP) as distinct procurement levers to leverage expenditure, aimed at supporting the manufacturing sector and developing new industrial and technological capabilities.

In order to bolster localisation efforts, Proudly South African (PSA) unveiled South Africa’s above-the-line buy-local campaign, “BuyBack SA”, a collaborative effort between the dti, business and PSA, including co-financing in November 2013. On 5 July 2013, the Minister launched the new SABS Local Content Verification Office, together with a new technical instrument (SATS 1286) in support of South Africa’s localisation strategy for state and SOE procurement. This tool creates clear objective criteria for the issuance of an audited ‘Local Content Certificate’. Another initiative by the Office of the Chief Procurement Officer (OCPO) at National Treasury includes a pilot reference pricing system for a range of products and services procured by government. The pilot programme will include 20 products ranging from basic foodstuffs to stationary and laptops. The aim is to ensure governments departments and agencies do not overpay on such products.

Progress has been registered with respect to some pharmaceutical sector designations. Part of the 2013-2014 Family Planning Tender (all SA-made contraceptives) worth an estimated R100 million has been designated. Preliminary data show that 70% of the 2013-2014 anti-TB tender (worth R 850 million) has been won by SA manufacturers (in the absence of designation).

Procurement by State Owned Companies continues to be leveraged in support of industrialisation in various designated sectors. In October 2013 The Passenger Rail Agency of South Africa (PRASA) and Gibela Rail Transportation signed a R51-billion contract for the supply of 600 passenger trains and 3 600 coaches, to be delivered between 2015 and 2025. Gibela includes local engineering company Actom and broad-based black economic-empowerment partners Khiphunyawo Rail, Community Rail Services and Elgin-Identity Rail Corporation. The project is expected to create more than
1, 500 direct jobs and more than 33 000 indirect jobs over the first ten years, with a local-content level of more than 65%.

Transnet has awarded contracts for the procurement of 1,064 locomotives, collectively valued at R50-billion, to four separate companies, including two locally based companies: Bombardier Transportation South Africa and General Electric South Africa Technologies. Bombardier Transportation South Africa is expected to supply 240 electric locomotives. General Electric South Africa Technologies will supply 233 diesel locomotives and CNR Rolling Stock South Africa will supply 232 diesel locomotives.

In the furniture sector, the Gauteng Manufacturing and Trading Company was awarded a 3 year contract and the dti was instrumental in ensuring local content requirements. With respect to the Clothing and Textiles, the IEC awarded a tender worth R6 million to 5 local companies participating at different stages of the manufacturing value chain.

1.2. Industrial Financing

The government’s Manufacturing Competitiveness Enhancement Programme (MCEP) had approved 562 projects with a projected investment value of R15.9bn since inception. The programme helped to sustain 139, 911 jobs since its inception in May 2012. As a result of the MCEP grants 63,094 jobs will be retained in Agro-processing, Metals, Chemicals, Plastic, Electro technical, Printing, Pharmaceuticals, Film and Wood. Total MCEP grant amount approved by sector are:

- R 136 million has been approved in the Agro-processing sector with an investment value of R 453 million and 4,101 jobs retained;
- R 106 million has been approved in the Chemicals sector with an investment value of R 339 million and 1, 395 jobs retained;
- R 164 million has been approved in the Metals sector with an investment value of R 549 million and 2,646 jobs retained;
- R 1.5 million has been approved in the Wood sector with an investment value of R 3.3 million.

The 12i tax incentive, which had enabled the dti to leverage R32-billion in investment since 2010, was one of 16 tax incentives offered to manufacturing industries.
The incentive offered R20-billion in tax relief, which was distributed among compliant manufacturing projects between 2010 and 2015.

The actual tax allowance for investment in manufacturing assets ranged between R350-million and R900-million a project, depending on the type of project and its status. 41%, or R20-billion, of the 12i budget had been allocated to 26 projects since the scheme's inception in 2010.

The awarded tax allowances have been significant thus far, with PhytoAmandla, Rainbow Nation Fuels and Sephaku all having been awarded over R896-million, while Sappi and Arengo 316 have been awarded over R543-million.

The 12i tax allowance was instrumental in Sasol's ethylene purification plant with an investment of R1.9 billion which will contribute significantly in providing the South African plastics manufacturing industry with an additional 47,000 tons of polyethylene annually.

Since inception in 2008, the Manufacturing Investment Programme (MIP) has approved 1,856 projects, with projected investment of R35.4 billion and 43,570 jobs, and a total incentive value of R4.9 billion. Project approvals in the Agro-processing sub-sector amounted to 498 (27%), while the Metals and Chemicals sub-sectors accounted for 462 (25%) and 418 (22.5%) respectively.

The Industrial Development Corporation (IDC) stepped-up funding by R2.7-billion, to boost youth entrepreneurship. It also plans to issue bonds up to R12-billion in the next 18 months. For the 2013/14 financial year, IDC funding approvals of approximately R14.1 billion resulted in effective support for 20,915 jobs (either created or saved). The approvals include funding to the value of:

- R5.7 billion for the green industry;
- R1.7 billion in Chemicals and Allied Products;
- R1.7 billion in mining and minerals beneficiation;
- R1.5 billion in Metal, Transport and Machinery Products;
- R503 million in Textiles and Clothing;
- R644 million in Forestry and Wood Products;
- R184 million in Agro-industries;
– R54 million in Media and Motion Pictures;
– R667 million in Healthcare

A joint initiative between the Industrial Development Corporation and the Unemployment Insurance Fund supported 41,000 jobs. Since its inception in 2009, the initiative had granted 199 approvals worth R3.3bn to companies in distress to help them stay afloat and conserve jobs. The IDC is also focusing on expanding its investment strategy in the fabricated metals, capital and transport equipment industries enterprises like Transnet, the Passenger Rail Agency of South Africa and Eskom. These investments are expected to boost job creation in the longer term. The IDC, through its funding instruments, has created 19,000 new jobs and saved about 4000 jobs in the 2013/14 financial year.

1.3. Special Economic Zones (SEZ) and Industrial Development Zones (IDZ)

1.3.1 SEZ

The SEZ Bill was signed into law by President Zuma in February 2014. Cabinet approved the publication for public comment of the Draft Employment Tax Incentive Bill. This bill is aimed at encouraging employers to give young people their first job experience as well as boost employment by firms operating in the SEZs.

To date the dti has identified 10 potential SEZs. The purpose of the SEZ’s includes facilitating the creation of an industrial complex with strategic economic advantage for targeted investment and establishment of industries in the manufacturing sector and tradable services.

A blanket corporate tax rate of 15%, well below the 28% that currently applies, is envisaged as an investment incentive in SEZs. This rate will carry qualifications to prevent dislocation and relocation. The new tax incentive was proposed to attract new green-fields investment.

1.3.2 IDZ

Saldanha Bay IDZ which is one of South Africa’s 18 Strategic Integrated Projects was launched by President Zuma in October 2013. It is expected to attract R9.3-billion in foreign direct investment, over the next 25 years and it is also expected to create 12,000 direct and indirect jobs. It is strategically located to serve the large oil and gas
sector on the West Coast of Africa and provide an opportunity for greatly expanded and enhanced manufacturing of componentry for the oil and gas industry. To date the Saldanha Bay IDZ licensing company has signed six lease agreements with international and South African oil and gas companies. These include firms specialising in oilfield services, oil rig operations, logistics, ship repair, engineering and market support. However problems associated with infrastructure, particularly quay berthing space is an inhibiting factor.

The Richards Bay Industrial Development Zone (RBIDZ) signed property leasing deals with three companies which represent investments worth R4.56 billion. The agreements are seen as a milestone for the zone, which had managed to secure only one major investor in the past with the opening of the Tata Steel factory several years ago.

1.4. Developmental Trade Policies
The technical infrastructure (SQAM) institutions have continued to re-align and re-prioritise activities - from trade facilitation to strategic support for manufacturing – by the development, accreditation and enforcement of standards and specifications. – ‘locking out’ substandard goods which give competitors an unfair advantage and ‘locking in’ high standard goods and enabling entry into export markets. The Legal Metrology Bill was approved by parliament and signed by the President. The Act aims to promote fair trade, industrialisation and enhanced protection for both the environment and public health and safety. Its main measures are to expand and strengthen the scope of trade metrology and enforce legal metrology, protecting consumers against inaccurate measures and support local industrial competitiveness.

The technical infrastructure institutional framework supports industrial development with the involvement of key institutions including SANAS, NRCS, SABS and NMISA. These institutions in conjunction with SARS are crucial in curbing various forms of customs fraud and illegal imports, harmful sub-standard products, smuggling and under-invoicing. SARS implemented the new automated customs management system in August 2013. It was reported that the system has proved successful with close to 39 000 import declarations and more than 55 000 export declarations processed since its introduction. Since the implementation of the new system, goods
with a total trade value of R40-billion moved through South Africa’s borders with more than R2.5-billion having been collected in duties. NRCS has to date (2008/9 to 2013/14) destroyed non-compliant products to the value of R438 million. They have adopted a border enforcement approach, “locking-out” non-compliant products at source through port of entry/border enforcement and post border enforcement. NRCS is operational at 19 ports of entry: 5 sea ports, 2 airports and 12 inland ports of entry bordering Botswana, Zimbabwe, Namibia, Mozambique, Swaziland and Lesotho.

1.5. Competition Policy
Concentration and anti-competitive behaviour in a number of critical sectors continues to negatively impact upon the South African economy. These sectors continue to derive returns from their inherited historical position and the short-term exploitation of market power rather than from effort and innovation. In the period under review the Competition Commission undertook various investigations and reached numerous settlements. Telkom admitted to anticompetitive behaviour and agreed to pay a fine of R200-million over three years. In the construction sector, 15 major firms were fined a collective R1.46-billion for collusive tendering related to projects concluded between 2006 and 2011. Penalties of R16.7 million and R4.3 million were imposed against Astral and Glass South Africa respectively for price fixing and abuse of market dominance. Also, the cattle feed price fixing case against MGK was settled with an administrative penalty of R32 346.00 imposed.

1.6. Automotive Sector
The transition from the Motor Industry Development Program (MIDP) to the Automotive Production Development Programme (APDP) has been completed. Over the last 20 years the government’s automotive industrial policy lever, the MIDP and the recently implemented APDP, supported the SA automotive industry. The APDP aims to raise the production volume to 1.2 million vehicles per annum by 2020 and a substantial diversification and deepening of the components supply chain. Exports in this period exceeded $12bn with consolidation of platforms and economies of scale in a narrower range of vehicles. Average annual growth in value addition in auto’s sector significantly outstripped overall economic performance between 1994 and 2011 by 1.5% (Auto’s 4.8% and GDP 3.4%).
Since its establishment the Automotive Investment Scheme (AIS) has approved 200 projects, with total estimated investments of R26.2bn, supporting 56,197 jobs and is expected to create 21,836 new jobs. This has facilitated a number of investments in the sector. For example Ford’s Silverton plant is designed to build up to 110,000 Rangers annually and the current model is due to continue until at least 2018. Mercedes has invested around R5bn into the C-Class plant. This will see it increase local output to 100,000 units a year. The investment plan will also benefit the East London Industrial Development Zone (IDZ) Automotive Supplier Park as well as companies supplying Mercedes Benz SA with components. Most of the cars made at Mercedes-Benz’s South African plant are set to be exported to 80 markets around the world. The facility is about to become the sole global supplier of right-hand-drive versions of Mercedes luxury cars.

Volkswagen Group South Africa (VWSA) expects production at its engine plant in Uitenhage, in the Eastern Cape to rise 14%, in 2014. It expects output to touch 172,873 units in 2014, compared with 151,269 units in 2013. Of the estimated 172,873 units to be produced in 2014, about 45,000 units will be for the local market. In addition, 46,765 units will be exported to the Chinese market, while 73,448 and 7,488 units will be exported to the Indian and Malaysian market respectively.

General Motors South Africa (GMSA) is using rapid prototyping, popularly known as 3D printing, to develop prototype parts for Isuzu. The company has used the technology for the localisation and validation process for the development of the sixth-generation Isuzu KB pick-up, which was launched in South Africa in 2013. The technology has been used by the company to produce prototype parts for a range of components including plastic clips, mud guards, support brackets, air cleaner and air conditioner components, radiator shrouds, rear step components, electronic module housings and the utility box for the extended cab variant.

In efforts to foster and deepen localisation, the Automotive Supply Chain Competitiveness Initiative (ASCCI) was launched in October 2013. It is aimed at improving the levels of competitiveness in SA’s automotive supply chain. During this period, the dti in collaboration with the Department Environmental Affairs (DEA) launched the Electric Vehicle (EV) Industry Road Map initiative, which will, through the application of several strategic interventions, look to develop an EV industry in South Africa. During the year the dti began a comprehensive review of the APDP.
1.7. Clothing and Textiles Sector

Implementation of support measures has stabilised a sector in deep distress. Since inception the Clothing and Textiles Competitiveness Programme, (CTCP) has approved 924 applications to the value of R3bn under the Production Incentive. The Competitiveness Improvement Programme (CIP) approved 44 applications to the value of R 645m. the dti has approved a R200-million Grant Fund and a 5-Year Plan for the establishment of a National Cluster to leapfrog local industry’s competitiveness capability in global Sustainable Textile and Apparel Manufacturing. The Cluster initiative is funded through its Competitiveness Improvement Programme (CIP) as part of the overall Clothing and Textiles Competitiveness Programme (CTCP).

As a result of CTCP the share of locally produced clothing sold in the South African market has remained at around the 25% to 30% mark, despite fierce international competition and the continuing threat of ‘grey’ and illegal imports. Aggregate consumer demand has steadily grown over the past 10 years. Vertical clusters set up between large clothing and textile manufacturers such as Celrose and Clotex and small, micro and medium enterprises and other smaller cut, make and trim operations have made all this possible.

The programme’s success has been confirmed through beneficiaries such as the K-WAY factory which recently stated that its record of successful growth over the past few years was directly due to the dti assistance. The assistance allowed it to buy the best machinery available, turning round from the brink of collapse to becoming a highly profitable and stable entity, producing garments of outstanding quality.

To facilitate cluster-level engagements, the National Fashion Council was established and the funding structure developed, while the National Leather and Footwear Cluster at the Vaal University of Technology was established to accelerate skills and technology development in the Leather and Footwear sector. Two new regional footwear clusters have been established under the National Leather and Footwear Cluster Initiative – the Fast-Track Cluster (Eddels) in KwaZulu Natal and the Southern Cape Regional Footwear Cluster (Watsons). Fast-Track’s production has grown from zero to 1,200 pairs of shoes per day (approximately 26,000 pairs per month) and has created 150 sustainable new jobs. Southern Cape Regional's
production has grown from zero to 6,350 pairs per day and created 560 sustainable new jobs. Other clusters established include the Exotic Leather Cluster and the National Cotton Cluster.

The dti launched the Fashion Design Innovation Centre at the Eastern Cape Arts and Craft Hub in Mthatha. It will help designers in the province to unleash their creative potential and compete equally with designers in other parts of South Africa. On the international front a permanent South African showroom in Atlanta, USA, has been established to serve as a platform to market South African products, especially home decor and textiles.

A R25 million Trade Core Investments Apparel clothing factory is under construction in Epping. The clothing design centre aims to support innovations in fashion and make South African clothing more competitive by increasing production and creating another 600 jobs.

1.8. Metal Fabrication, Capital and Transport Equipment

The public infrastructure programme represents a significant opportunity to stimulate the industry. The National Tooling Initiative Programme (NTIP), supported by the Gauteng Tooling Initiative (GTI), in conjunction with the Toolmaking Association of South Africa (Tasa) and the Gauteng Department of Economic Development (GDED), has launched an enterprise development programme to bring Gauteng tooling manufacturers in line with global best practice and boost their competitiveness and profitability.

Since its establishment in 2010, the competency-based apprenticeship programme under the National Tooling Initiative (NTI) has created a pipeline of more than 1,000 new students. 314 Level 3 apprenticeship students enrolled for the apprenticeship programme. 85 students completed on the job training and 304 students completed phase 2. R200m was allocated from the National Skills Fund to train a further 970 new apprentices under the National Tooling Initiative. The tool maker apprenticeship course was accredited by SAQA in Nov 2013.

The Gauteng Foundry training centre was successfully launched on 18 September 2013 at the Ekurhuleni East FET. This will assist the industry to implement the foundry
apprenticeship programme. 345 workers were trained under the National Foundry Technology Network. To date 33 foundries are currently enrolled under a New Competitiveness Improvement Programme.

1.9. Agro-processing

Initiatives in agro-processing included facilitating the establishment of small-scale milling plants and 24 mills are in the pipeline. This initiative seeks to increase competition and reduce maize-meal prices for working class and poor consumers. In support of emerging organic farmer cooperatives, the dti launched the Emerging Organic Farmer/Retailer Programme with Pick n Pay to provide shelf space. The “Eat Well, Eat Safe” campaign was launched and rolled-out. It stresses the advantages of buying local, high quality, safe products.

9 company-level joint action plans were developed, with a number of major companies such as Rhodes Food Group, Granor Passi, Miami Canners, Robertson winery, Pioneer, Golden Karoo, Ilmolino, Kotu Bakery and Aspen, to facilitate investment and promote product and export destination diversification. Partly as a result of these interventions and incentive support, significant new investments were undertaken across a spectrum of sub-sectors such as animal feed, soybean processing, food-processing, beverages, and processed fruit and vegetables. 8 new products in the South African Fruit and Vegetables Canning Association (SAFVCA) were launched by the Minister in Cape Town.

the dti in conjunction with DAFF developed and launched the Aquaculture Development and Enhancement Programme (ADEP), to unlock the latent economic potential of the aquaculture sector. Since inception in 2013, 23 projects valued at R422m were approved for ADEP to the value of R106m in incentives expected to create 644 jobs.

To date seven biofuels manufacturers have been licensed by Department of Energy & an eighth potential manufacturer is in initial stages of licensing. Manufacturers are in 4 provinces; KwaZulu Natal, Eastern Cape, Free State & Gauteng. These producers will use sugar cane, sugar beet, canola oil and sorghum &soya beans as feedstock.
1.10. Business Process Services (BPS)
South Africa continued to take advantage of offshoring opportunities, by successfully leveraging in-country attributes such as appropriate infrastructure, a narrow time zone differential and existing skills initiatives to support the sector. 12 projects with R1.2 billion investment value have been secured. This investment is expected to create 3,936 jobs.

Monyetla Work-Readiness Programme trained 3,819 learners as BPS agents (3,233 agents and 586 team leaders trained) and a total of 2,120 competent learners were placed in employment. In recognition of this success, the National Skills Fund has approved a further R71 million for the Monyetla Training Project for financial year 2013/14. With match-funding guaranteed by the DBSA, this allowed the Project to move without interruption into Phase 4, guaranteeing that another 6000 learners will be trained in the short to medium term.

1.11. Green industries
In an effort to speed up the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) the Department of Energy awarded preferred bidder status to 28 proposals out of the 53 received In Window 1. Window 1 project proposals secured commitment for the provision of 1,416 megawatts of renewable energy out of the 3,625 total required. In Window 2 only 19 bidders were selected as preferred bidders for Window 2. In the third round under REIPPPP, 17 bids were approved. The wind sector accounts for seven bids. Six renewable-energy developers were appointed as preferred bidders under the solar photovoltaic (PV) subsector with a collective installed capacity of 435 MW and total project costs falling to R8.1-billion. Concentrated solar power (CSP) accounts for 2 bids and bio mass for 1 bid. The total preferred bidders’ investment is estimated at R33.8 billion with a local content value of R15.9 billion and 7,915 jobs are expected to be created. The IDC’s total REIPPPP-related commitments currently stand at R7.7-billion.

The awarding of bids has facilitated investments from both local and foreign companies into the renewable energy space. Within the solar photovoltaic subsectors JA Solar and Power established a Solar Module Manufacturing Facility in South Africa, located in Port Elizabeth’s COEGA Industrial Development Zone, servicing customers in the broader Southern African region with solar modules assembled from
JA Solar’s high-efficiency cells. With 18 solar PV players selected to deliver 632 MW installed capacity, total solar project costs during the bid reached R23-billion.

Several investors have come on board to increase wind energy capacity. The engineering group DCD Wind Towers completed construction of a R300-million wind tower manufacturing facility, also located in the Coega IDZ. The factory will have the capacity to produce 110 wind towers a year, increasing in due course to 200 a year. The facility will be manufacturing for various Original-Equipment Manufacturers (OEMs) already participating in the REIPPP.

Multi-sector company Corporación Gestamp’s wind industrial division, GRI Renewable Industries, will start manufacturing wind towers at its new manufacturing facility in Cape Town during the second half of 2014. The €22-million facility will have the capacity to create 150 towers a year and is expected to create more than 200 jobs.

Mainstream Renewable Power, a large renewable energy company based in Ireland, announced that it is to build another 3 wind farms in SA at a total cost of R9bn, in addition to 3 projects the company is already constructing in SA. In addition, the Metal Industries Benefit Funds Administrators (Mibfa) announced that it has committed to invest up to R1bn in the renewable energy sector.

In efforts to improve skills development within the renewables sector, 18 students had completed the first phase of its concentrator photovoltaic (CPV) technology training programme – the first of its kind in South Africa. The programme, conducted in Touwsrivier, in the Western Cape, was created in 2011 by Soitec’s solar division in collaboration with the University of Cape Town and Northlink College, and aims to develop the skills required for South Africa’s growing solar industry. The programme entailed a basic course covering electricity, PVs, power plants and CPV basics, followed by an advanced, specialised course on electricity and mechanics.

1.12. Creative industries

The film industry continues to grow on the back of support through the Film and Television Production and Co-production Incentive. Since the inception of the incentive scheme, there were 398 productions, of which 256 were SA productions. There were 77 co-productions and 65 foreign productions which led to the generation of R8 billion, total South African qualifying expenditure. Between April 2013 and
March 2014, 85 film and TV productions were supported by the dti, with an estimated total investment of R2 billion. On the basis of sustained support from the dti, South Africa has already attracted an impressive roster of locally shot blockbuster films, including: Long Walk to Freedom. The direct jobs supported during production of the movie amount to 11,721. Another example is “Four Corners”, South Africa’s official Oscar submission for Best Foreign Language Film, which received a Best International Film Nomination from the International Press Academy (IPA) for its Satellite Awards ceremony on 9 March 2014. “Four Corners” is the only nominee from Africa in the group of 10 international films competing. the dti further cemented ties between the South African film sector and major Hollywood studios such as 20th Century Fox, Marvel, Sony, NBC Universal and Disney.

the dti launched a permanent showroom for South African crafts and lifestyle products in America. The showroom will provide small and medium enterprises with an export platform by addressing the significant market entry costs faced by Small Medium, Micro Enterprises (SMMEs) in South Africa. The showroom is a joint initiative of the dti and its agency, the Small Enterprise Development Agency (seda).

1.13. Aerospace and defence

European plane maker Airbus Military, part of the Airbus Group, announced in 2013, that it had awarded South African aerospace company Aerosud, major component contracts for the A400M airlifter.

A ten-year multibillion-rand Armscor contract, which will see State-owned Denel produce over 200 armoured vehicles for the South African National Defence Force (SANDF) was expected to significantly change the South African defence industry. The production of the Badger is expected to create about 2,000 jobs during its production period.

South African company Saab Grintek Defence (SGD), part of the Swedish Saab aerospace and defence group, has been awarded two orders, worth $33 million (about R335-million) in total, by Indian State-owned aircraft company Hindustan Aeronautics Limited (HAL) to supply it with electronic warfare (EW) self-protection systems. These will be fitted to the HAL Dhruv advanced light helicopters being delivered to the Indian Air Force and Army.
The first cube satellite developed on the African continent - ZACUBE-003 –designed and built by CPUT postgraduate students in collaboration with Sansa, was launched into space on 21 November 2013 in Russia. It is fully operational. This was made possible by a combined intervention between the dti, SACSA and the DST to support the development of the FSATI/CPUT Engineering in Training Programme in space science and technology.

2. Overview of all the KAPs

In keeping with previous practice, the implementation of IPAP 2013/14 – 2015/16 is subject to rigorous monitoring and evaluation. A matrix with Key Action Plans (KAPs) is used as a tool to track implementation. In previous reports, a colour coded matrix (Appendix 1), is used to track and monitor progress.

2.1. Green-coded KAPs represent those milestones that have been largely achieved. In this report this applies to 167 KAPs.

2.2. Orange-coded KAPs represent milestones that have been partially met with some parts of the total KAP still facing blockages. With respect to the 2013/14 matrix, this applies to 53 KAPs. In some of these instances milestones in the KAP have been carried over to the next iteration of IPAPs as some were held back in order to allow for further stakeholder consultations, on-going processing and further consolidation before finalisation. These are as follows:

- Clothing Textiles, Footwear and Leather: Communal Hides Beneficiation.
- Metal Fabrication, Capital and Rail Transport Equipment: Analysis of the SA tariff structure and stage consignment facilities for products relevant to the localization programme in consultation with the industry: make recommendations to ITAC and SARS.
- Agro-Processing: the dti, FoodBev Seta and the NMC to develop a milling skills programme.
- Plastics, pharmaceuticals, chemicals, cosmetics: Development of the cosmetics sector strategy.
Other orange coded KAPs were due to funding constraints that have caused delays. This includes:

- Forestry, Timber, Paper, Pulp and Furniture: Furniture Design Program

### 2.3 Red-coded KAPs denote areas where there are significant delays (for 11 KAPs).

The majority of these relate to intra-governmental regulatory and coordination issues and apply to:

- Clothing Textiles, Footwear and Leather: 3D Body Scanner Technology.

Other code Red KAPs were due to funding constraints that have caused delays. It applies to:


The following programme was seriously delayed due to difficult investment and project process:

- Plastic and Pharmaceuticals: domestic production of vaccines and ARV APIs (Facilitation of “Project Ketlaphela”).

**Table 1** provides an overview of progress across all the Key Action Plans for the implementation of IPAP.

**Table 1 – IPAP Key Action Plans**

<table>
<thead>
<tr>
<th>Breakdown of KAPs</th>
<th>Total</th>
<th>Transferred to other Depts.</th>
<th>Deleted from IPAP 2012/13</th>
<th>Revised Total</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green</td>
<td>167</td>
<td>0</td>
<td>0</td>
<td>167</td>
<td>72%</td>
</tr>
<tr>
<td>Orange</td>
<td>53</td>
<td>0</td>
<td>0</td>
<td>53</td>
<td>23%</td>
</tr>
<tr>
<td>Red</td>
<td>11</td>
<td>0</td>
<td>0</td>
<td>11</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>231</td>
<td>0</td>
<td>0</td>
<td>231</td>
<td>100%</td>
</tr>
</tbody>
</table>
3. Key Challenges

3.1. Economic environment

3.1.1. Growth
Global economic growth in 2013 was 3.0%, marginally lower than growth recorded in 2012. The growth came mainly from advanced economies although their recoveries remain uneven. Emerging markets had modest growth during that period. Economic growth during quarter 1 2014 contracted in the USA by 1% seasonally adjusted and annualised, whilst growth in the Eurozone was 0.2% quarter-on-quarter.

The domestic economy grew at 1.9 per cent in 2013, based on a variety of factors including subdued global economic recovery. For the year, the primary sector grew by 2.9 per cent, the secondary sector by 1.0 per cent and the tertiary sector by 2.0 per cent. The average annual growth for the last four years from 2010 to 2013 was 2.8 per cent. Growth in the first quarter of 2014 shrank at an annualised rate of 0.6% as a result of a decrease in value addition in the mining sector.

3.1.2. Real interest rates
In January 2014 the Reserve Bank’s Monetary Policy Committee raised the repo rate to 5.5 per cent, after leaving it unchanged for 18 months. This was in the wake of continued depreciation of the Rand and the risk posed by the inflation outlook. The gradual withdrawal of quantitative easing by the US Federal Reserve during 2013 also created a challenging environment for emerging markets, including South Africa, leading to sharply depreciating currencies, capital outflows, slowing growth, rising inflation and deteriorating confidence. Relative higher real interest rates in South Africa compared to our peer countries lends itself to short term capital inflows that exacerbate currency volatility.

3.1.3. Current Account
Overall for 2013, the current account deficit increased from R164 billion in 2012 to R197 billion in 2013. The larger deficit on the overall services account in quarter 4 of 2013 was countered by an improvement in the trade balance which resulted in the narrowing of the current account deficit in that quarter. The current account deficit as a share of GDP also weakened from 5.2% in 2012 to 5.8% in 2013. The trade deficit was R74 billion in 2013 which is explained in part by a high import penetration
ratio, which reflects South Africa’s structurally high propensity to import capital, intermediate and consumption goods.

### 3.1.4. Currency
The nominal effective exchange rate continued to decline in the fourth quarter of 2013, making it the seventh consecutive quarterly depreciation. The nominal effective exchange rate declined by 18.4 per cent from the last quarter of 2012 to 2013 – the third consecutive annual decline, which brought the total decline from the end of 2010 to the end of 2013 to 35.8 per cent. On the other hand the real effective exchange rate declined by approximately 11 per cent during the same period. This downward trend has continued in 2014. Lower international commodity prices and the simultaneous tapering of asset purchases by the US Federal Reserve, played a role in the continued depreciation.

### 3.1.5. Manufacturing
The weak manufacturing sector’s performance in the period under review still poses a challenge for the sector. Manufacturing production remains below pre-crisis levels. In comparison to 2012, the sector grew by 1.2% in 2013. The fragile state of the manufacturing sector is also reflected in the Purchasing Managers Index (PMI) (indicating expansion or contraction of the manufacturing sector) which was on a downward trend in 2012. It improved somewhat in 2013, but in quarter 1 of 2014 it reflected a marked decline of the PMI to 47.4 points. There appears to be continued underutilisation of manufacturing production capacity. Although it increased during the middle of 2013, the index started to decline again thereafter although it is still above the crucial level of 50.

Formal employment in the manufacturing sector has been declining over the last number of years. This trend continued during the 2013/14 financial year. The volatile industrial relations environment, the high cost and electricity supply constraints and persistent currency volatility amongst others, are factors contributing to the poor performance of the sector.

### 3.1.6. Capital Investment and infrastructure expenditure
The annual growth rate in real gross fixed capital formation (investment in fixed assets like plant and machinery and buildings) improved further, to 4.7 percent in
2013 from 4.4 percent in 2012. Real gross fixed capital formation by private business enterprises gradually rose throughout the year and brought the annual growth rate for 2013 to 5.5 percent, higher than in 2012. The annual growth rate in 2013 for public corporations and general government was lower compared to that of 2012.

Real fixed capital expenditure by public corporations accelerated to an annualised rate of 6.0 per cent from January to March 2014 as fixed capital spending by the electricity and transport subsectors advanced at a robust pace. Eskom increased capital outlays on machinery and equipment and on construction works as part of its ongoing projects: Medupi, Kusile and Ingula. Capital outlays by Transnet were earmarked for ongoing projects and the maintenance of existing assets, in particular the expansion of the freight rail project and the enhancement of capacity at port terminals. In addition, the South African National Roads Agency Limited (SANRAL) and Trans-Caledon Tunnel Authority also increased their capital spending on upgrading road networks and in construction.

3.2. Intra-departmental and institutional coordination and integration
As previously noted the successful implementation of many IPAP action plans is dependent upon complex intra-departmental and SOE coordination and integration processes. These blockages include the following:

3.2.1 Agro-processing
Closer co-ordination and alignment with the Department of Agriculture, Forestry & Fisheries is required to serve the potential for growth in the soybean and agriculture sectors

3.2.2. Upstream Oil and Gas & Boatbuilding
Success in the Upstream Oil & Gas and Boatbuilding sector is very much dependent upon role players such as the dti, Department of Public Enterprises (DPE) and the National Ports Authority working closely together on a range of issues to facilitate industrial development in the sector. Intra-departmental and entity coordination is therefore crucial to secure progress in the sector; particularly as it relates to a value proposition for investment in SA’s ports.
4. Conclusions and the importance of Parliamentary oversight

Consecutive iterations of IPAP including the 2013/14-15/16 iteration continue to set out ambitious industrial development targets through targeted interventions across transversal and sector specific programmes. Industrial policy continues to be a subject of extensive stakeholder consultations and this has allowed for adequate and prioritised resources over time. IPAP has demonstrated that in areas where there are dedicated interventions such as automotives; textiles, clothing, footwear and leather and Business Process Services and film, that industrial policy can be effective. Amendment of the PPPFA Regulations, continue to give impetus to the strengthening and deepening of industrial development through localisation. IPAP perspectives and interventions have strengthened the claims of manufacturing and further developed the case for its strategic importance.

The implementation of IPAP 2013/14 took place against a background of difficult global and domestic economic conditions. The improvement in the global economic climate started to show a fragile and tentative improvement. Weak manufacturing sector performance compounded by a volatile currency, the cost and security of supply of water and electricity and other shocks have contributed to the vulnerability of the manufacturing sector. High port charges and inefficiencies continue to be a constraint with regards to the promotion of value-added exports.

The Parliamentary Portfolio Committee on Trade and Industry has played an important oversight role; particularly with respect to highlighting those intra-governmental constraints and challenges which require concerted action. Notwithstanding these constraints, considerable progress has been registered.

The Industrial Policy Action Plan is firmly embedded in the national development discourse. Clear achievements across a range of transversal and sector specific interventions demonstrate that industrial policy is having a considerable impact. New policy platforms and programmes and the learnings which have resulted from their implementation have created a foundation upon which broader and deeper industrial development can be achieved. This was achieved on the back of stronger integrated intra-governmental action; closer engagement with industry; “deeper-dive” research and a focussed strategy to grow exports and maximise the opportunities presented by growth on the African continent and regional industrial integration.
**APPENDIX A: IPAP KAP MATRIX**

<table>
<thead>
<tr>
<th>IPAP Ref No</th>
<th>Programme/Project</th>
<th>Key actions/quarterly milestones</th>
<th>Progress to date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Public Procurement Monitoring and evaluation of the performance of designated sectors</td>
<td>• 2013/14 Q1-Q4: Implement a monitoring and evaluation tool for designated sectors.</td>
<td>Government is currently using (i) designation/local content, (ii) National Industrial Participation (NIPP) and (iii) the Competitive Supplier Development Programme (CSDP) as distinct procurement levers to leverage expenditure aimed at developing new industrial and technological capabilities.</td>
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<tr>
<td></td>
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<td>In November 2013, PSA unveiled South Africa’s above-the-line buy-local campaign, BuyBack SA, a collaborative effort between the dti, business and Proudly South African, including co-financing.</td>
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<td></td>
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<td></td>
<td>On 5 July 2013, the Minister officially launched the new SABS Local Content Verification Office, together with a new technical instrument (SATS 1286) in support of South Africa’s localisation strategy for state and SOE procurement. The tool creates clear objective criteria for the issuance of an audited ‘Local Content Certificate’.</td>
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<tr>
<td></td>
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<td></td>
<td>The City of Cape Town has awarded the tender to provide vehicles for its extended MyCiTi bus routes to Volvo SA. Volvo SA would provide 40 buses for the N2 express routes at a cost of R180m.</td>
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<td></td>
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<td>MAN is supplying 80 new commuter buses to Great North Transport Limpopo’s largest public transit operator.</td>
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<td>Mercedes-Benz SA’s Sandown Motor Holdings has won the tender to provide 134 busses for the phase 1B of JHB’s Rea Vaya BRT system.</td>
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<tr>
<td>IPAP Ref No</td>
<td>Programme/Project</td>
<td>Key actions/quarterly milestones</td>
<td>Progress to date</td>
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| 2 | Public Procurement Annual re-prioritisation of the Procurement Plan | • 2013/14 Q1-Q4: Review of research work done by Sector Desks for further designation of sectors/sub-sectors for local procurement.  
• 2013/14 Q1-Q4: Issue procurement instruction notes for designated sectors.  
• 2013/14-2014/15: Work with other government departments and public entities to identify opportunities for further designation.  
• 2013/14 Q1-Q4: Review the formula and documents developed for calculation of the local content component for both designated and non-designated sectors.  
• 2013/14Q1–Q4: Support professionalization of supply chain/procurement/localisation practitioners. Work with NT, PALAMA and other training institutions to empower officials to verify local content declarations before final awards, and provide support function to bidders and potential suppliers. | Local Content training was conducted with Palama SCM trainers, IEC, Dept of Rural Development and Land Affairs, Eastern Cape and Mpumalanga Provincial Governments’ Supply Chain Practitioners, NC Provincial & Local Government and Gauteng Growth and Development Agency.  
The following industries, sectors and sub-sectors have so far been designated for local production with minimum local content thresholds:  
• Power and Telecoms Cables  
• Solar Water Heaters (collectors and storage tanks/geysers)  
• Working Vessels  
• Electricity Meters  
The dti assisted the City of Johannesburg with local content requirements in the tender specifications for the acquisition of 100 Municipal Busses worth R400 million.  
The dti assisted Telkom and Gauteng DoH with local content requirements in tender specifications for the acquisition of Cables worth R300 million and linen worth R200 million respectively.  
Department of Tourism finalised their 3 year term contract for furniture, with the dti ensuring that local content requirements were adhered to. The tender was awarded to Gauteng Manufacturing and Trading.  
The dti assisted the Department of Rural Development to amend their specifications for the construction of the Youth Hub in Cape Town tender to include local content requirements for the low-voltage cables. |
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<tr>
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</table>
| 3 | Public Procurement Develop amended guidelines for the National Industrial Participation Programme (NIPP) | • 2013/14 Q1: Finalise new NIPP guidelines to align programme with other public procurement instruments and strengthen its effectiveness.  
• 2013/14 Q1 – Q4: Print and publish new guidelines. Ensure that all elements of the approved Cabinet policy are incorporated into supply chain management policies of state entities through presentations by the dti and practice notes issued by the National Treasury. | The Revised NIPP guidelines, approved by Minister Davies in 2013, have effectively closed existing loopholes with respect to multiplier calculations and have placed a strong emphasis on Direct NIPP – investment by overseas companies which secure government tenders above US$10 million – directly into the value adding and tradable manufacturing sectors in which the procurement took place. |
| 4 | Public Procurement Review the effectiveness of joint application of NIPP and Defence Industrial Participation (DIP) | • 2013/14 Q1: Review impact of application of both NIPP and DIP for defence equipment acquisition programmes.  
• 2013/14 Q2 – Q4: Consult with stakeholders. Develop relevant industrial policy for consideration and approval by Cabinet. | The process of reviewing the joint application of NIP and DIP policies on the acquisition of defence equipment is completed.  
The dti is in the process of analysing budgets of the various national and provincial government departments and metro councils to determine spending likely to incur NIPP obligations. NIPP/DIP policy review document presented to IDD EXCO in March 2014 and further discussions are on-going. |
<table>
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<tr>
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<th>Key actions/quarterly milestones</th>
<th>Progress to date</th>
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</table>
| 5           | Industrial Financing Manufacturing Competitiveness Enhancement Programme (MCEP) | • 2013/14 Q3: Scope the design, range, quantum, conditions, take-up and impact of the full suite of government industrial financing packages and incentives across and in consultation with other departments and institutions.  
• 2013/14Q4: Develop and design a set of proposals for expanding the suite of existing support mechanisms, including fine-tuning the MCEP and designing a specialised incentive to support BEE in the manufacturing sector.  
• 2013/14Q4: Develop and design further sector specific incentives for strategic sectors - in particular Green Industries, Agro-processing and the Metals, Capital and Rail Transport Equipment Sectors. | MCEP has approved 562 projects to the value of R3.8 million since its inception in May 2012. The projected investments since the inception of MCEP were 15.9 billion with 139 911 jobs to be sustained. |
| 6           | Developmental trade policy On-going developmental tariff reform | • 2013/14-2015/16 on-going: Scope for industries to apply to ITAC for selective tariff increases on products.  
• 2013/14-2015/16 on-going: Scope for further selected decreases in tariffs on intermediate inputs into manufacturing and other productive sectors.  
• 2013/14-2015/16 on-going: Scope for selective creation of rebates for manufacturing products that attract duties, particularly where these are intermediate products in manufacturing. | ITAC processed 11 applications for increase in duties and 10 for reduction in duties. 17 investigations have been finalised and are at an advance stage of implementation. 12 investigations have been implemented by SARS. |
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<tr>
<th>IPAP Ref No</th>
<th>Programme/Project</th>
<th>Key actions/quarterly milestones</th>
<th>Progress to date</th>
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</thead>
</table>
| 7           | Developmental trade policy | • 2013/14 Q1: Commission the 160A (ampere) power/energy measurement standard to support measurements required by ESKOM.  
• 2013/14 Q2: Needs assessment for measuring the thermal properties of materials designed for heat management in buildings.  
• 2013/14 Q4: Research and define the methods and specifications for the accurate measurement of light emitting diodes (LEDs).  
• 2013/14 Q4: Develop gas reference mixtures for BTEX and Volatile Organic Compounds for Air Pollution Monitoring.  
• 2013/14 Q4: Provide automotive emissions (NO2, NO) and condensable Reference Gas Materials in support of Green House Gas monitoring.  
• 2013/14 Q4: SANS for fuel cells; SANS for smart grids.  
• 2013/14 Q4: Develop and roll out an accreditation programme for Energy Efficiency Management; complete a feasibility study to determine the needs for an accreditation programme for wind turbines.  
• 2013/14 Q4: Compulsory specification for energy efficiency for household appliances. | The update of the NMS for AC current to 160A has been completed.  
A thermal imager has been acquired and the calibration technique and capabilities of how to assist local calibration laboratories to provide a calibration service was investigated.  
Basic capacity for developing photometric measurement capabilities for LEDs has been established.  
Development for gas reference mixtures have started for BTEX and VOCs. Special filling station has been ordered from Korea. The 100 additional cylinders and cylinder valves have been commissioned and the BTEX PRGM production commenced.  
The methods for preparation of automotive emission and condensable PRGMs are ready and can also be produced now that the cylinders have arrived.  
To date 7 fuel cells standards have been published.  
SANAS developed an accreditation programme for Certification Bodies of Energy Management and it was launched on 6 February 2014.  
Compulsory specification for energy efficiency for household appliances (VC 9008) approved by the NRCS Board Technical Committee on 28 Aug 2013 and was published for comment in the Government Gazette on 7 February 2014. |
| 8           | Developmental trade policy | • 2013/14 Q1: Amendment of Compulsory Specification (VC 8031 for frozen shrimps, langoustines and crabs proposal submitted to the dti.  
• 2013/14 Q3: Develop and publish method for dioxin analysis on screening/medium level instrumentation available at NMISA as preparation for a dioxin measurement facility for South Africa.  
• 2013/14 Q4: Develop method for reference measurement of organochlorine pesticides in rooibos tea and organophosphorus pesticides in beverages and water.  
• 2013/14 Q4: Support the grain industry through the analysis | Dioxin screening method development and validation is on schedule, although it has been established that a system is needed to improve sample clean-up after extraction. Tender process on track and technical specifications were submitted. Tender was published in July 2014.  
Development work is completed for organochlorine pesticides (OCPs) in rooibos tea/green tea. The NMISA recently (end Q4 2013/14), launched the first round of the organophosphorus pesticide in water proficiency testing scheme (PTS) in South Africa  
The NMISA organic laboratory performed analysis of harmful heavy metals in |
<table>
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<th>IPAP Ref No</th>
<th>Programme/Project</th>
<th>Key actions/quarterly milestones</th>
<th>Progress to date</th>
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</table>
|             |                   | of 14 nutritious and potentially toxic elements in imported and exported wheat samples. Production and Processing.  
• 2013/14 Q4: New Compulsory Specification for processed meats. | local and imported wheat flour for the SAGL. The project will continue in 2014/2015. |
| 9           | Developmental trade policy Re-alignment of technical infrastructure activities with IPAP sectors: Metal Fabrication, Capital and Rail Transport Equipment | • 2013/14 Q4: Roadmap for advanced measurement & traceability of tribology (wear and tear) and tensile testing needed for metal fabrication. | Investigation and industry scoping is continuing. Project details are being included in Thematic research programme: Measurement in Support of Local Manufacturing. |
| 10          | Developmental trade policy Re-alignment of technical infrastructure activities with IPAP sectors: Automotive Products and Components | • 2013/14 Q3: SANS 1103 for electric vehicle propulsion systems.  
• 2013/14 Q4: Commission the high resolution dimensional coordinate measuring machine and benchmark capability.  
• 2013/14 Q4: Amendment of Compulsory Specification (VC 8016) for safety helmets for motor cyclists. | SANS 1103: TC resolved to rather adopt IEC standards as opposed to developing a home-grown standard (SANS 1103). A request to cancel SANS 1103 project was approved.  
The high resolution Coordinate Measuring Machine (CMM) was delivered during March 2013 and at first stage of commissioning. Final verification was done by the international expert. The first measurement has commenced.  
Amendment of Compulsory Specification (VC 8016) for safety helmets for motor cyclists was approved by the NRCS Board and it was gazetted for public comment on 6 June 2014. |
| 11          | Developmental trade policy Re-alignment of technical infrastructure activities with IPAP sectors: Plastics, Pharmaceuticals and Chemicals | • 2013/14 Q4: Research and develop a measure for the toxicity of nano-gold particles.  
• 2013/14 Q4: Roadmap for analytical facility with requirements for hazardous substances in plastics and packaging materials.  
• 2013/14 Q4: Amendment of Compulsory Specification VC 8054 for disinfectants and detergent disinfectants. | The project is continuing in collaboration with the National Institute of Occupational Health (NIOH).  
The Roadmap is being included in the proposal for an Africa Food and Feed reference material programme. |
<table>
<thead>
<tr>
<th>IPAP Ref No</th>
<th>Programme/Project</th>
<th>Key actions/quarterly milestones</th>
<th>Progress to date</th>
</tr>
</thead>
</table>
| 12          | Developmental trade policy  
Re-alignment of technical infrastructure activities with IPAP sectors: Biofuels | • 2013/14 Q3: Revised SANS 342 Automotive diesel fuel; Revised SANS 1598 Unleaded petrol.  
• 2013/14 Q4: Identify gaps not supported by current measurement standards and certified reference materials and develop Roadmap for biofuels.  
• 2013/14 Q4: Improve viscosity and density measurement standards to provide for biofuel testing needs. | The standard (SANS 342: Automotive fuel – requirements and test methods for diesel) was published on 3 March 2014.  
The comments received on the Committee Draft (CD) document for the revised SANS 1598 Unleaded petrol are currently being resolved with the Technical Committee, and members have until 7 August 2014 to vote. After which the document will be released for public comment prior to publication. The expected publication date is end November 2014.  
NMISA conducted a study to identify thematic research projects. The gaps in traceability for chemical measurements have been identified and a motivation for an Africa Food and feed reference material programmes was submitted to the NMISA Board for approval. The Roadmap for standards for biofuels is also included.  
The Viscosity standard is being commissioned that will also allow for biofuel testing. The density system is being upgraded. |
| 13          | Developmental trade policy  
Re-alignment of technical infrastructure activities with IPAP sectors: Business Process Services | • 2013/14 Q4: Design and build a replacement for the current fibre optic power measurement standard and improve accuracy when measuring the wavelength of a fibre optic source in support of telecommunication systems. | Wavelength measurements improved and benchmarked. Scope of accreditation expanded and will be assessed in Q4 of 2014/15. Components ordered for the fibre optic source. |
| 14          | Developmental trade policy  
Re-alignment of technical infrastructure activities with IPAP sectors: Nuclear Energy | • 2013/14 Q2: Commission the X-ray system as the NMS for air kerma measurements covering radiation therapy and radiation protection services.  
• 2013/14 Q4: In collaboration with the NNR set up a radio-analytical measurement laboratory in support of the South African nuclear regulatory bodies DoH and NNR.  
• 2013/14 Q4: Feasibility report on development of national standards for nuclear industry. | The X-ray system has been installed and is being commissioned.  
Project continuing with NNR, alterations to building approved and service provider appointed. Two instruments have been delivered, low level gamma ray spectrometer commissioned. Liquid scintillator counter for beta radiation received. Waiting for building alterations to be done to commission scintillator counter.  
Study on standards for nuclear industry is continuing and report will be available in Q3 2014/15. |
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<th>Programme/Project</th>
<th>Key actions/quarterly milestones</th>
<th>Progress to date</th>
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| Developmental trade policy | Strengthen the South African technical infrastructure to support industrial development | Movement from Trade Metrology to Legal Metrology  
  • 2013/14 Q4: Submission of the Bill through Parliamentary process.  
  Updating of the National Building Regulations and Building Standards Act  
  • 2013/14 Q4: New NBR Part XB for water efficient building regulations submitted to the dti.  
  • 2013/14 Q4: Amendment of relevant National Building Regulation to include plumbing requirements as per the Water Act. | The Legal Metrology Bill has now been passed by Parliament. It is aimed at promoting fair trade, industrialisation and enhanced protection for both the environmental and public health and safety. Its main measures are to expand and strengthen the scope of trade metrology and enforce legal metrology, protecting consumers against inaccurate measures and support local industrial competitiveness.  
 Amendment of relevant National Building Regulation to include plumbing requirements as per the Water Act was delayed because of human resources not being available to do the work. |
| Developmental trade policy | Strengthen enforcement system of NRCS |  
  • 2013/14 Q4: Roll-out of Phase 3 of NRCS border enforcement pilot project finalised. Additional ports of entry to be covered include airports and the Beitbridge and Lesotho border posts. | Phase 3: Project launched with the identification of 8 inlands ports on borders with Zimbabwe, Botswana, Swaziland and Lesotho; and two airports were done between July and October 2013. The airports were piloted in October 2013.  
 In KZN the Electrotech Division has stationed two permanent inspectors at the port and Durban accounted for 71.5% of the border inspections in Q1. The rest of the border inspections were conducted at City Deep (19.9%), Port Elizabeth (6.5%) and Cape Town(2.1%). For Q1 Electrotech conducted 277 border inspections.  
 Non-compliant products valued at R23 Million, were impounded in Durban, in addition to approximately 5,000 television sets embargoed at the Cape Town port, valued at about R2.1 Million. |
| Developmental trade policy | Consumer protection |  
  • 2013/14 Q1: Project for Legal Metrology regulation for automatic rail vehicle scales finalised.  
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|             | initiatives       | for coal stoves and heaters completed.  
• 2013/14 Q4: Finalisation of projects for Legal Metrology regulation of taxi meters and for measuring liquids other than water finalised.  
• 2013/14 Q4: Review of Compulsory Specification (VC 9088) for shooting ranges completed. | Review of Compulsory Specification (VC 8034) for coal stoves and heaters completed.  
A recommendation for item on Legal Metrology was that the Department of Transport will in future have to regulate taxi meters. Therefore NRCS will not continue with the impact assessment.  
Review of Compulsory Specification (VC 9088) for shooting ranges was approved by the Board in July 2014. |
| 18 | Developmental trade policy  
Clampdown on customs fraud | • 2013/14 – 2015/16: Strengthening of a range of measures including closer collaboration between the dti, industry, NCRS, SABS SARS through multi-sectoral forums.  
• 2013/14 – 2015/16: Extend application of the indicative reference price system to other vulnerable sectors to provide an increasingly effective early warning system  
• 2013/14 – 2015/16: Ongoing development of programmes aimed at improving compliance within industry and contributing to the formulation of best practice in the facilitation of trade, in accordance with all the Acts administered by SARS.  
• 2013/14 – 2015/16: Conduct continuous targeted raids and investigations on vulnerable sectors with the aim of increasing the rate of successful prosecutions. | In August 2013 SARS implemented the new automated customs management system which centralises the clearing of all import and export declarations using a single distributed processing engine. It is reported that the system is proving highly successful, with close to 39,000 import declarations and more than 55,000 export declarations having been processed since its introduction.  
These export and import declarations represented more than 500,000 consignments that were declared and processed within the new system. Since its implementation, goods to a total trade value of R40-billion have moved through South Africa’s borders, with more than R2.5-billion collected in duties. |
| 19 | Competition Policy  
Strengthening implementation of competition policy | • 2013/14 - 2015/16: Continued active focus of competition authorities on investigation, prosecution & policy advocacy with regard to:  
• Intermediate industrial and energy-intensive products, such as steel, chemicals, coal, fuel and cement;  
• Air transport, information technology;  
• Food and agro-processing;  
• Banking and insurance;  
• Infrastructure and construction.  
• 2013/14 - 2015/16: Annual reporting on the impact of competition enforcement in these sectors, and identification of appropriate complementary measures to be taken by | The Commission continues to focus on investigations into many areas.  
Settlements and investigations concluded in the following areas:  
• In 2013 the Competition Commission fined 15 major construction firms a collective R1.46-billion for collusive tendering related to projects concluded between 2006 and 2011.  
• The Competition Tribunal confirmed the settlement agreement reached between telecommunications group Telkom and the Competition Commission. Telkom admitted to anticompetitive behaviour and agreed to pay a fine of R200-million over three years.  
• Poultry: The Commission settled its price fixing and abuse of dominance case against Astral and an administrative penalty of R16.7 million was imposed. |
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|             | Government and public institutions to improve competitive outcomes.  
|             | • 2013/14 – 2015/16: A small number (at least one per year) of strategically identified market enquiries initiated by the Competition Commission into priority areas identified in consultation with Government. | • Glass: The Commission settled its price fixing and market allocation case against Glass South Africa and an administrative penalty of R4.3 million Glass SA undertook to refrain from engaging in anti-competitive conduct.  
• Cattle feed: The cattle feed price fixing case against MGK was settled and an administrative penalty of R32 346.00 was imposed.  
• Grain: The exclusionary conduct or margin squeeze case against SENWES was settled by the Commission and SENWES. SENWES undertook to transfer its remaining grain marketing business comprising SENWES client base and goodwill in relation to white maize sunflower and diverse commodities to a separate legal entity owned by SENWES (referred to as NEWCO).  
• Chemicals: The Tribunal imposed a R534 million penalty on Sasol Chemical Industries a subsidiary of Sasol for over-charging local customers for plastic products. | The Competition Commission has gazetted the terms of reference for the market inquiry into private healthcare. The inquiry will probe the private healthcare sector as a whole to determine the factors that restrict, prevent, or distort competition, increases in private healthcare prices and expenditure in South Africa. |
| 20 | Competition Policy  
Ensuring competitive outcomes | • 2013/14 – 2015/16: Stronger conditionalities to be established on state support for large firms, including development finance, linked to competitive conduct.  
• 2013/14 – 2015/16: Monitoring of compliance with conditions, in consultation with the Competition Commission.  
• 2013/14 – 2015/16: Evaluation of sectoral trade policy measures for sectors in light of the conduct of firms to ensure that dynamic comparative advantages are developed, in consultation with the Competition Commission.  
• 2013/14 – 2015/16: Wider actions to be identified, including possible regulatory measures, against dominant firms engaging in anti-competitive conduct, especially with regard to key inputs into labour-absorbing sectors and the pricing of | Work on-going |
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| 21          | Regional integration | **Agreed Work Programme with Regional Economic Communities** | • 2013 - 2018: Work with fellow member states to implement the approved SADC Industrial Development Implementation Matrix.  
• 2013 - 2014: Work with member states to concretise collaboration with development finance institutions to support development of regional value chains in SACU.  
• 2013 - 2014: Work with member states to develop a SACU industrial policy.  
• 2013 - 2016: Work with fellow member states on a tripartite industrial development roadmap and work programme. | SADC Work Programme - The Regional Industrial Development Strategy has been developed and presented to the SADC Council. However, there are insufficient funds to implement the programme.  
SACU Work Programme - The SACU Industrial Policy study is on-going. Work is underway with the IDC to concretise collaboration on the identified projects. On the COMESA-EAC-SADC Tripartite work - South Africa prepared a proposal on principles and scope of cooperation for Tripartite Industrial Development pillar negotiations. Negotiations are on-going. |
| 22          | Regional integration | **Strengthen the role of Development Finance Institutions to channel funding towards productive sectors of the economy** | • 2013 / 2014 Q2: Work with IDC and DBSA in implementing their expanded role in investing in the productive sectors of economies across the region.  
• 2013 / 2014 Q2: Explore how South Africa can work with regional banks to assist in securing funding lines and ensuring that attached conditions support the industrial development priorities of recipient countries.  
• 2013 / 2014 Q2: Exploit new opportunities created by South-South cooperation by exploring how South Africa can work with large developing countries that have substantial financial and other resources which African countries could benefit from through strengthened partnerships. | A study is currently underway with TIPS to explore possible sectors/products where regional productive value chains can be developed. ITED is still considering appropriate location of the Regional Spatial Development Initiatives Programme (RSDIP). |
<p>| 23          | Regional integration | <strong>Support effective use of ODA to promote industrial development</strong> | • 2013/2014 Q3: Prepare for the 2013 UNIDO-coordinated celebration of African Industrialisation Day by working with UNIDO and countries in the region to develop a focused session themed “Aid for Industrial Development”, in order to craft an aid delivery model that prioritises the building of manufacturing capacity. | South Africa was unable to secure a focussed session on “Aid for Industrial Development”, it was able to successfully negotiate inclusion of the promotion of industrialisation in the CAMI 20 declaration calling upon international partners to ensure that promotion of industrialisation is factored into their external assistance agenda. |
| 24          | Regional integration | <strong>Cooperation on Standards, Quality Assurance, Metrology and</strong> | • 2013 / 2014 Q4: Identify relevant international and regional standards that need to be adopted or adapted for use by the agro-processing, mineral beneficiation and pharmaceutical sectors – singled out as priority sectors by the 19th | Work currently under way. The Pan African Quality Infrastructure (PAQI) institutions as a collective will develop a framework that will result in synchronised action plans specifically in the Energy, Agro-processing, Chemicals and Pharmaceuticals and Minerals Beneficiation sectors. |</p>
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  • 2013/2014 Q4: Identify and establish the measurement capabilities that will support the development of the agro-processing, mineral beneficiation and pharmaceutical sectors.  
  • 2013/2014 Q4: Develop and provide accreditation support for the agro-processing, mineral beneficiation and pharmaceutical sectors, including an arrangement that will facilitate the acceptance of accredited certification, inspection and testing in many African markets based on single accreditation.  
  • 2013/2014 Q4: Identify and establish accredited testing, certification and inspection services that will be required by the agro-processing, mineral beneficiation and pharmaceutical sectors. | |
| 25 | Regional integration  
  Cross-border infrastructure and sector development | Promote the North-South corridor, with principal road and rail routes linking the port of Durban to Dar es Salaam  
  • 2013/14 – 2015/16: Scope and roll-out road and rail links in partnership with regional economic communities.  
  Roll-out of in-country spatial development initiatives within the continent:  
  • 2013/14 – 2015/16: Leverage trade and investment in oil and gas sectors based on synergies between South Africa and Angola.  
  • 2013/14 – 2015/16: Finalise and implement recommendations of the SDI scoping study on the Trans-Caprivi and Trans-Cunene Corridors.  
  • 2013/14 – 2015/16: Scoping study on Bas-Congo Development Corridor.  
  • 2013/14 – 2015/16: Partner with countries in the region to scope possible areas of cooperation to fast-track infrastructure development in order to support industrialisation through bilateral and established multilateral arrangements. | Work on-going |
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| 26          | Regional integration Expansion of the Capacity-Building programme for countries within the region | • 2013/14 Q4: Propose one potential Centre of Excellence as a pilot to improve productive capacity in agro-processing.  
• 2013/14 Q4: Work with SADC Secretariat to assist with scoping regional incubators to assist SMMEs in the SADC priority sectors. | South Africa has submitted to the Secretariat, the Terms of Reference (TORs) to assist with scoping and choosing an appropriate Regional Centre of Excellence to assist SMMEs in the SADC priority sectors. The TORs have been circulated to other Member States for consideration. |
| 27          | Skills for the economy Strengthen demand-side skills planning through the development of customised artisan programmes in support of priority or growing IPAP sectors | • 2013/14 Q1-2: Revision of draft IPAP artisan plan based on industry feedback, sector desk and SETA consultations.  
• 2013/14 Q3: Concept proposal on priority artisan trades, new occupations and related matters to be finalised.  
• 2013/14 Q4: Stakeholder consultations and agreement with DHET, key SETAs and NSF on options for implementation. | The final draft of the proposed IPAP Artisans for Manufacturing Initiative was completed in March 2014, with the support of the plastics and metals industry working group. The priority artisan trades include boiler-making and fabrication, welding and coded welding, foundry trades and precision machining. Consultations were held with DHET during March 2014, and further consultative processes will continue during 2014/15 to secure funding and support for the initiative. |
| 28          | Skills for the economy Streamline the skills delivery system through piloting dedicated Industry-Skills Hubs in a growth, new or ‘emerging’ sector. | • 2013/14 Q1-2: Completion of research report on skills hubs.  
• 2013/14 Q3: Conduct workshop on a pilot Skills Hub model with industry working group, DHET and other external stakeholders.  
• 2013/14 Q4: Develop a draft business case on a pilot Skills Hub. | The draft research report on Skills Hubs in support of SEZs and/or industrial clusters was completed. The report provides a South African framework for the development of Skills Hubs, an international review of best practices and recommendations for two (2) pilots for implementation. In 2014/15, the Skills for the Economy unit within the dti will commence a process of dissemination of the findings, lobby for support and funding for the two proposed pilot Skills Hubs, in an existing IDZ and an industrial cluster. |
| 29          | Skills for the economy Support for National Centres of Excellence to integrate sector competitiveness and skills needs | • 2013/14 Q1-Q2: Stakeholder consultation on the proposed models for sustainability.  
• 2013/14: Q3-Q4: Finalisation of the appropriate institutional and funding model for the Centres of Excellence. | A report on the institutional and financial model to support Industrial Centres of Excellence was completed by the task team. Recommendations tabled by the task team were submitted to the Advanced Manufacturing sector desk for consideration and implementation. |
| 30          | Innovation and Technology Establishment of Technology Platforms | • 2013/14 Q2: Draft proposal for the development of new sectoral funds.  
• 2013/14 Q3: Stakeholder workshops for the establishment of the advanced materials, nanotechnology, micro- and nanoelectronics technology platforms to support IPAP sectors.  
• 2013/14 Q4: Existing platforms aligned to IPAP sectors supported through the Technology Venture Capital Fund. | Inputs into the conceptual framework for the establishment of Technology Platforms framework were solicited from the dti, CSIR, TIA and DST and the conceptual framework was finalised. A number of applications for funding for these platforms were prepared. Implementation will commence in the 2014/15 financial year subject to availability of funds. |
<p>| 31          | Innovation and Technology Incubation Support Programme | • 2013/14 Q3: Feasibility studies for university- or science council-based incubators. | The first university-based incubator approved is the LaunchLab Incubator at Stellenbosch University. The dti is working quite closely with the universities and science councils to participate in this programme because they possess... |</p>
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<td>access to technology, capital, and expertise that new technology firms can exploit and commercialise their offerings more rapidly.</td>
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<td>As at 31 March 2014, the Incubation Support Programme (ISP) has approved 42 incubators to the value of R682 million over 3 years and investment to be leveraged is R1.08 billion. A total of 14 applications were approved in 2012/13 and another 28 in 2013/14. Most approvals have been in the manufacturing and agriculture sectors.</td>
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| 32          | Innovation and Technology Strategy of Technology Commercialisation for Innovative Enterprises | • 2013/14 Q4: Draft Strategy of Technology Commercialisation for Innovative Enterprises.  
• 2013/14 Q4: In collaboration with the Department of Science and Technology, develop an on-line one-stop-shop for all existing innovation instruments. | A framework for the draft commercialisation strategy has been completed and this was done in partnership with the DST.  
An on-line one-stop-shop for all existing innovation instruments has been developed and it is fully functional and hosted by the IDC. |
| 33          | Special Economic Zones (SEZ) and Industrial Development SEZ Rollout | • 2013/14 Q2: Designation of the Saldanha Bay IDZ (negotiations for land delayed submission of the application – the target is moved to 2013/14).  
• 2013/14 Q2: Pre-feasibility study for the Platinum Valley Hub.  
• 2013/14 Q3: Rollout of the OR Tambo IDZ’s Jewellery Manufacturing Precinct.  
• 2013/14 Q3: Rollout of the Saldanha Bay IDZ. | Saldanha Bay IDZ designation and operator permit have been approved and ratified by the dti and National Cabinet. Following the designation, the Saldanha Bay IDZ was officially launched by the President on the 31 October 2013.  
Platinum Valley Hub: prefeasibility report has been developed for Tubatse (Limpopo). The following value chains have been identified for the proposed Platinum hub in Limpopo: Mining inputs supply; Catalytic converters; Oil and Gas industry applications; Fuel cells and Gauze.  
In October 2013, the Saldanha Bay Industrial Development Zone(SBIDZ) through its Licencing Company(LiCo) submitted an application for funding to the dti for the initial phase of the development of the SBIDZ, which comprises of infrastructure development and preparation of the site. The dti granted the SBIDZ R160 million. |
| 34          | Special Economic Zones (SEZ) and Industrial Development SEZ Bill | • 2013/14 Q1-Q2: Parliamentary Legislative process and finalisation of SEZ Bill.  
• 2013/14 Q3: Draft SEZ Guidelines (in line with approval of the Bill).  
• 2013/14 Q3: Draft SEZ Regulations and Guidelines.  
• 2013/13 Q3: Establishment of the SEZ Board (once the Act is promulgated). | The National Council of Provinces (NCOP) portfolio committee on Trade and Industry concluded consultations with the provincial legislatures. All provincial legislatures voted in favor of the adoption of the Bill. On 5 February 2014, the NCOP portfolio committee on trade and industry gave final mandate in favour of the adoption of the Bill and was signed into law by President Zuma.  
The drafting of the Special Economic Zones(SEZ) Regulations is in progress. |
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| 35          | Special Economic Zones (SEZ) and Industrial Development SEZ: Planning and Development | • 2013/14 Q1: Pre-feasibility study reports for 3 proposed special economic zones.  
• 2013/14 Q2: 3 technical feasibility study reports (from Q1).  
• 2013/14 Q2: 7 pre-feasibility study reports (remaining concept proposals).  
• 2013/14 Q3: 7 technical feasibility reports (from Q2),  
• 2013/14 Q4: Master plans of 3 special economic zones.  
• 2013/14 Q4: 3 applications for designation.  
• 2013/14-2015/16: On-going establishment of SEZs. | Five (5) Pre-feasibility studies for proposed SEZs have been finalized: Rustenburg Platinum hub (North West), Musina Logistic hub (Limpopo), Tubatse Platinum hub (Limpopo), Upington Solar corridor (Northern Cape) and Harrismith Agro-processing hub (Free State). All these proposed SEZ were proven to be viable and sustainable in a long term, and therefore, Technical Feasibility studies and strategy development are undertaken to finalize the planning phase.  
Additional Three (3) draft Prefeasibility reports have been developed for Wild Coast Agro-processing hub (Eastern Cape), Nkomazi Agro-processing and Logistic hub (Mpumalanga), and Atlantis renewable Energy hub (Western Cape).  
Dube Trade Port has been officially designated as an IDZ.  
Applications for the IDZ designation on the Harrismith Agro and logistics hub (Free State) has been compiled and submitted to the dti.  
Established Project Management Units in all provinces to assist in the coordination and implementation of the proposed SEZs. |
| 36          | Special Economic Zones (SEZ) and Industrial Development SEZ Capacity Building Programme | • 2013/14 Q1: Recruitment of 30 candidates, across the country, to be trained in China on special economic zones planning, development and management.  
• 2013/14 Q2: Training of 30 officials in China on the planning, development and management of special economic zones.  
• 2013/14 Q2: Expanded SEZ Capacity Building Programme Concept.  
• 2013/14 Q3: Finalisation and approval of the Expanded SEZ Capacity Building Programme.  
• 2013/14 Q4: Preparation for implementation of Expanded SEZ Capacity Building Programme in the following year. | Training of 30 officials in China on the planning, development and management of SEZ took place in September.  
Logistical preparations for the SEZ capacity Building program are underway: National SEZ Seminar will take place in East London IDZ in September; in addition, SEZ training in China will take place in September. |
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<td>37</td>
<td>Clothing, Textiles, Footwear and Leather Competitiveness Program</td>
<td>• 2013/2014 Q1-Q4: On-going roll-out of the PIP and CIP programmes.</td>
<td>A total of 924 transactions to the value of R3 bn have been approved under the Clothing and Textile Competitiveness Programme (CTCP). Over R1.8 bn has already been disbursed to participating enterprises.</td>
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<td>38</td>
<td>Clothing, Textiles, Footwear and Leather Illegal Imports Program</td>
<td>• 2013/2014 – 2015/16: On-going and targeted campaigns against under-invoicing and other illegal activities in the sector.</td>
<td>On-going.</td>
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<td>39</td>
<td>Clothing, Textiles, Footwear and Leather Skills development</td>
<td>• 2013/14 Q1 – Q4: On-going roll-out of skills development programmes through CSIR, Vaal University of Technology and Manufacturing (FPM) SETA.</td>
<td>30 participants were trained in China on clothing design. The students were drawn from both informal and formal industries they left for China end of October 2013 and returned on 25 December 2013.</td>
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| 40         | Clothing, Textiles, Footwear and Leather Communal Hides Beneficiation | • 2013/14 Q2: Appointment of the service provider.  
• 2013/14 Q4: Implementation of the research recommendations. | Service provider appointed and funding secured from the KZN provincial province. Research started beginning of Q3 2013/14. |
| 41         | Clothing, Textiles, Footwear and Leather Innovation and technology | • 2013/14 Q1: Finalisation of the data consolidation exercise.  
• 2013/14 Q4: Implementation of the garment-sizing database by South African garment manufacturers. | Contract with CSIR terminated but work of data collection being undertaken by UNISA and CPUT where the two 3D Body Scanners are currently stationed. New contract being finalised with the two institutions. |
| 42         | Clothing, Textiles, Footwear and Leather Exotic Leather Cluster | • 2013/14 Q2: Secure funding from CTCP.  
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| 43         | Automotives (Automotive Products, Components, Medium and Heavy Commercial Vehicles) Competitiveness Improvement Initiatives | • 2013/14 Q1: Draft proposal for a new manufacturing competitiveness improvement support framework.  
• 2013/14 Q3: Approved new competitiveness improvement support framework.                                                                                                           | The Automotive Supply Chain Competitiveness Initiative (ASCCI) was launched in October 2013. It is focussed on improving the levels of competitiveness in SA’s automotive supply chain.  
A national strategy for competitiveness improvement will be led and implemented through a facilitated steering committee structure, with committed participation from NAAMSA, NAACAM and NUMSA, as well as with government representation through the dti. |
| 44         | Metal Fabrication, Capital & Rail Transport Equipment  
Leveraging government’s capital (CAPEX) and operational (OPEX) expenditure programmes | • 2013/14 Q1: Obtain financial/commercial closure on PRASA’s first Rolling Stock Fleet Renewal Contract.  
• 2013/14 Q2: Completed detailed industry analysis for possible designation of steel conveyance piping  
• 2013/14 Q4: Completed detailed industry analysis for possible designation of rail signalling components.  
• 2013/14 Q4: Finalise the rail infrastructure strategy and the action plan.  
• 2013/14 Q4: Analysis of the SA tariff structure and stage consignment facilities for products relevant to the localization programme in consultation with the industry: make recommendations to ITAC and SARS. | Financial closure reached and contracts awarded by Passenger Rail Agency of South Africa (PRASA) and Gibela Rail Transportation to the value of R51-billion for the supply of 600 passenger trains and 3 600 coaches, in October 2013.  
The industry analysis for possible designation of steel conveyance piping was completed and approved. Instruction notes completed for National Treasury’s approval.  
Industry analysis for the possible designation of rail signalling components has been completed.  
Work on the development of a rail infrastructure strategy is in progress, draft action plans have been developed. |
| 45         | Metal Fabrication, Capital & Rail Transport Equipment  
National Tooling Initiative | • 2013/14 Q1: 160 students enrolled on foundation programme.  
• 2013/14 Q1: 490 students enrolled Level 1 apprenticeship programme.  
• 2013/14 Q1: 90 students enrolled Level 2 apprenticeship programme.  
• 2013/14 Q1: 300 students enrolled Level III apprenticeship programme.  
• 2013/14 Q4: 50 students enrolled Level 3 apprenticeship programme.  
• 2013/14 Q4: 150 students enrolled for Master Artisan Level 1. | 164 students enrolled on the foundation programme.  
509 students enrolled for the level 1 apprenticeship programme= 509  
85 level 2 apprenticeship students completed on the job training and 304 students completed phase 2.  
350 students enrolled for the level 3 apprenticeship programme.  
The new tool maker Qualification was approved and registered by SAQA  
The master toolmaker programme was launched on the 26 November 2013 in Gauteng. |
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| 46 | Metal Fabrication, Capital & Rail Transport Equipment National Foundry Technology Network | • 2013/14 Q1-Q4: Train 200 workers on the formal foundry qualifications (NQF 2 – 4).  
• 2013/14 Q1-Q4: 20 foundries assisted under the competitiveness improvement programme. | 285 workers have been trained on the formal foundry qualifications (NQF 2 – 4)  
To-date, 18 foundries have been enrolled under the Competitiveness Improvement Programme, linked to the valves and rail supply chains to support designation. |
| 47 | Agro-Processing Development of a Food Processing Strategy and Action Plan | • 2013/14 Q1: the dti continues implementation of company-level Action Plans with 8 food-processing companies.  
• 2013/14 Q1: the dti develops company-level Action Plans with 5 additional food-processing companies.  
• 2013/14 Q2: the dti, the Food technology Station and the SA Chocolate Manufacturers Association launch the Chocolate Micro-incubator at the Cape Peninsula University of Technology. | Nine Company Action Plans (Rhodes Food Group, Granor Passi, Miami Canners, Robertson winery, Pioneer, Golden Karoo, Ilmolino, Kotu Bakery and Aspen) have been developed.  
MoA signed with Cape Peninsula University of Technology (CPUT). Funds for the technology station have since been disbursed towards kick-starting the incubator. |
| 48 | Agro-Processing Development of a small-scale milling industry | • 2013/14 Q1: the dti to facilitate the roll out the small-scale maize milling in one additional province.  
• 2013/14 Q3: the dti and the FoodBev Seta develop a milling skills development programme.  
• 2013/14 Q4: the dti to facilitate the roll out the small-scale maize milling in one additional province. | R260 million has been dedicated to the Small Scale milling project by Old Mutual Masizane Fund an MOU has been signed between the DTI and Old Mutual. 24 small scale maize mills have been ordered for this project. |
| 49 | Agro-Processing Enhancement of competition in the fruit and vegetable canning industry | • 2013/14 Q1: In collaboration with the NCPC-SA, the dti will identify and recruit companies from the South African Fruits and Vegetables Canners Association (SAFVCA) to participate in the Resource Efficient and Cleaner Production Programme (RECPP). It will then conduct RECPP training and awareness courses for employees at the companies and roll out the programme in the identified companies.  
• 2013/14 Q1-2: the dti will support initiatives of SAFVCA in terms of market access and facilitate the launch of new products as part of product development. | the dti together with National Cleaner Production Center (NCPC-SA) developed an audit programme for the Research Efficient Cleaner Production Programme. MoU’s with companies that are being audited have been signed, 10 audits and visits have been done thus far with the food processing companies.  
8 new products in the South African Fruit and Vegetables Canning Association (SAFVCA) have been launched by the Minister on 16 April 2013. The South African Fruit & Vegetable Canners Association (SAFVCA) industry has participated in the Chinese market access campaign with great success. |
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<td>• 2013/14 Q2: In further collaboration with the NCPC-SA, the dti will facilitate the application processes of companies seeking to access the incentive grants of the Manufacturing Competitiveness Enhancement Programme (MCEP) for implementation of the RECP Recommendation.</td>
<td>Japan has been identified as a new market for the SAFVCA.</td>
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<td>• 2013/14 Q2: In collaboration with SAFVCA, the dti will facilitate a transformation programme that will establish new fruit orchards in the Western Cape.</td>
<td>New orchards for peaches were planted in the WC by the PPP initiative with South African Fruit and Vegetables Canning Association (SAFVCA).</td>
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<td>50</td>
<td>Agro-Processing Development of a Soybean Action Plan promoting market linkages between primary agricultural producers and processors</td>
<td>• 2013/14 Q1-Q2: the dti facilitates the establishment of one new projects that link primary soybean producers and processors.</td>
<td>Consultations held with 2 processors and coops towards mobilising resources for land preparation and crop production in 2013/14. 4 additional action plans for Harry Gwala, uThukela, Amajuba and Zululand districts have since been developed with KZN Agriculture as part of a soy pilot initiative to be implemented and fully funded by the Comprehensive Agricultural Support Programme (CASP) during 2014/15.</td>
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<td>• 2013/14 Q2-Q4: ITAC undertakes a review of the tariff dispensation for the soybean value-chain.</td>
<td>ITAC’s review on tariff dispensation on oil cakes in progress.</td>
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<td>• 2013/14 Q3: the dti develops and implements measures to reduce the prices of soybean products for purposes of increasing affordability.</td>
<td>Discussions held with Economic Research and Policy Coordination unit within the dti and consensus was reached to pursue project in the next Financial Year.</td>
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<td>• 2013/14 Q4: the dti implements a collaboration programme with Food Science Institution to develop new soybean-based food products.</td>
<td>Proposal to fund 10 new soy-based snacks through the Industrial Policy Support Fund (value - R615K) made and awaiting feedback from the committee. Commitment to co-fund the development of 4 products received from the Protein Research Foundation (PRF) as part of the implementation phase.</td>
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<td>51</td>
<td>Agro-Processing Development of the organic food sector</td>
<td>• 2013/14 Q2: the dti to facilitate the development of a local organic market supplied by both commercial and smallholder farmers.</td>
<td>The dti and DAFF have consulted with industry and organic farmers that will participate in the retail supplier programme. Organic farmers in Limpopo and KZN have been trained, overall number is over 80.</td>
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<td>• 2013/14 Q1-Q4: the dti and DAFF to facilitate the certification of 100 smallholder farmers as organic compliant.</td>
<td>Consultations have taken place between the organic farmers, industry and government. Organic co-operatives are being set up in KZN for the supply and processing of Marula Oil.</td>
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<td>• 2013/14 Q4: the dti, DAFF and DRDLR to facilitate smallholder farmers’ development so as to supply 100 formal retail stores.</td>
<td>The dti and DAFF have consulted with industry and organic farmers that will participate in the retail supplier programme. Organic farmers in Limpopo and KZN have been trained, overall number is over 80.</td>
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<td>• 2013/14 Q4: the dti, industry, DAFF and SABS to finalise and begin implementing the South African Organic Food Standard.</td>
<td>Consultations have taken place between the organic farmers, industry and government. Organic co-operatives are being set up in KZN for the supply and processing of Marula Oil.</td>
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| **52 Agro-Processing**  
Supporting the Public-Private Partnership for Food Security | • 2013/14 Q1: the dti to convene an Advisory body of Food Science professionals to provide guidance on the development of a programme of small-scale processing technology acquisition and development.  
• 2013/14 Q2: the dti, DAFF and DRDLR to develop a GIS-based Dashboard of smallholder production potential, current production, crops and harvest schedules so as to link to market opportunities.  
• 2013/14 Q2: the dti to provide co-operative development support in priority areas to assist in increasing smallholder co-ops production potential.  
• 2013/14 Q4: the dti to package small-scale processing opportunities for DRDLR, co-ops and other enterprises to invest in so as to develop small-scale processing capabilities. | The dti’s contribution to the PPP Presidential Food Security Programme with Department of Rural and Land Reform and DAFF has been finalised to assist with the marketing and harvesting for small-scale farmers.  
The GIS-based Dashboard is underdevelopment. Co-operative development support in Limpopo has started a roll out to other provinces will follow shortly. |
| **53 Biofuels**  
Accelerated development in the biofuels sector | • 2013/14 Q2: Publish draft Biofuel Incentive Programme Guidelines for public comment.  
• 2013/14 Q3: Publish final Biofuel Incentive Guidelines.  
• 2013/14 Q4: Launch Biofuel Incentive Programme. | Biofuel incentive guidelines published in the government gazette in Jan for public comments, on-going stakeholder consultation led by DoE.  
Draft Criteria for qualification for a biofuels subsidy developed and undergoing consultation, still planned to be finalised by end Sept. Process delayed by the need to accommodate other crops, particularly sugarcane, instead of only having sorghum as a reference crop in our model. |
| **54 Aquaculture**  
Promote public and private investments in aquaculture | • 2013/14 Q2: the dti and DAFF to develop and implement company-level action plans with two abalone companies (on the South and West Coasts of the Western Cape) and two catfish companies (in the North West Province). | 17 projects approved for ADEP with a total project investment of R383m and project incentive of R87m, creating 525 jobs in quarter 4. On-going meetings with business to encourage expansions and new business in the sector.  
Through the East London IDZ it was agreed to package 3 applications for black emerging aquaculture farmers for funding to Employment creation fund to be implemented in the next financial year 2014/15. |
| **55 Aquaculture**  
Sector promotiion, marketing and trade | • 2014/15 Q3: DAFF, the dti, industry and Proudly South Africa to develop a farmed kabeljou (dusky kob) campaign.  
• 2015/16 Q1: the dti to assist industry to further penetrate Asian markets and achieve sales to the value of R500 million. | Dusky Kob Draft Development plan to be consulted with industry on 6 Feb. Proudly SA agreed to assist in electronic marketing campaign for Dusky Kob. |
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<td>56</td>
<td>Plastics, pharmaceuticals, chemicals, cosmetics Polypropylene Beneficiation</td>
<td>• 2013/14 Q4: Develop a business case on syringe manufacturing in conjunction with IDC.</td>
<td>Research to quantify the local market consumption for the business case on syringe manufacturing concluded.</td>
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| 57          | Plastics, pharmaceuticals, chemicals, cosmetics Plastics trade policy measures | • 2013/14 Q1-Q4: Industry to identify intermediate and finished products to be considered for introduction or adjustment in duties.  
• 2013/14 Q1-Q4: Development of an indicative reference price system to alert Customs officials to possible under-invoicing and other types of customs fraud. | 12 tariff lines were reviewed by Plastics unit. The dti made a recommendation to ITAC to amend the 12 tariff lines. |
| 58          | Plastics, pharmaceuticals, chemicals, cosmetics Designation of pharmaceutical tenders | • 2013/14 Q1: Seminar with DoH, Treasury and industry to review the impact and refine the rules of designation of pharmaceutical tenders, with the aim of producing a Joint Report with recommendations to the relevant Ministers.  
• 2013/14 Q2-Q4: Implementation of designation of pharmaceutical tenders, learning from errors made in tenders HP-09, HP-10, HP-11 and HP-13, where justified. | Part of the 2013-2014 Family Planning tender (all SA-made contraceptives) worth est. R 100 million has been designated. Preliminary data show that 70% of the 2013-2014 anti-TB tender worth R 850 million has been won by SA manufacturers (in the absence of designation). |
| 59          | Plastics, pharmaceuticals, chemicals, cosmetics Facilitation of “Project Ketlaphela” | • 2013/14 Q1: Construction of the 1st built component of the project (a R 105 million pilot plant), together with the necessary R&D, training and technology validation unit.  
• 2013/14 Q3: Completion of basic engineering. | The project history, the bid analysis and the proposed way forward (“Ketlaphela 3”) are specified in the Task Team report to the Ministerial Cluster dated 23 May. It is expected that the new Minister of Science Technology will re-appoint the Ketlaphela Task Team in July. |
| 60          | Plastics, pharmaceuticals, chemicals, cosmetics Facilitation of Biovac project (manufacture of vaccines) | • 2013/14 Q1: Completion of inspection of compliance with the Current Good Manufacturing Practice (CGMP) and approval by the SA Medicines Control Council (MCC).  
• 2013/14 Q4: Completion of construction of a R75 million Inspection (Viewing), Labelling and Packaging (VLP) facility. | The project (a ppp of the Biovac Consortium and the SA Government) continues due to IDC’s credit line for Biovac (R 140 million) but all the investment has stopped for now pending results of MCC inspection of the previous (completed) investment phase. The MCC inspection was completed in Q3 of 2013, but inspection protocol has not yet been issued.  
The transfer of government shares in Biovac from the NDoH to the DST (to avoid NDoH’s conflict of interest) is in progress, but has not yet been completed.  
Currently, Biovac imports and distributes vaccines worth R 1.2 billion per year, providing specialised “cold chain” vaccine storage and logistics services for the |
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<td><strong>2013/14 Q1:</strong> Training programme for medicine control regulators (MCC) and industry regulatory affairs personnel, regarding manufacture of active pharma ingredients, biological medicines and vaccines.</td>
<td>NDoH. Of the 11 vaccines in the NDoH Extended Programme of Immunization (EPI), Biovac will manufacture at least 8, including the hexavalent HepB + Hib + Polio + DTP, and the anti-TB and rotavirus vaccines.</td>
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| 61          | Plastics, pharmaceuticals, chemicals, cosmetics Pharmaceutical skills strategy | **2013/14 Q1:** Training programme for medicine control regulators (MCC) and industry regulatory affairs personnel, regarding manufacture of active pharma ingredients, biological medicines and vaccines.  
**2013/14 Q2:** Training programme to be provided for Project Ketlaphela.  
**2013/14 Q2:** Training programme for Biovac project. | Training programme and curricula have been completed in Phase 1 of the project. Funding for Phase 2 has been confirmed. |
| 62          | Plastics, pharmaceuticals, chemicals, cosmetics Development of the cosmetics sector strategy | **2013/2014:** Cosmetics strategy developed. | Strategy being developed. Consultation with industry in progress. |
| 63          | Plastics, pharmaceuticals, chemicals, cosmetics Quality, safety standards and toxicology skills in the cosmetics Sector | **2013/2014 Q1:** Identify quality and safety standards required for toxicology tests.  
**2013/2014 Q2:** Work with TOXA to identify skill requirements.  
**2013/2014 Q3:** Upgrade current facilities and laboratories to enable enhanced toxicology testing.  
**2013/2014 Q4:** Workplan produced to set up a dedicated laboratory to perform toxicology tests locally. | The quality and safety standards required for toxicology have been completed and a report was developed.  
Skill requirements were identified by TOXA. A two year cosmetics safety assessment was developed and approved by University of Pretoria. The course will commence in 2015.  
The University of Cape Town Hair testing and toxicology laboratory was identified. The lab needed some upgrade in order for them to perform other toxicological tests that are not offered in South Africa. Funding for equipment for the lab has been secured through the Services SETA. |
| 64          | Forestry, Timber, Paper, Pulp and Furniture Integrated approach to fast-tracking the issuance of water licenses and accelerate forestry development | **2013/14 Q1:** the dti and DAFF to commence support for the EIAs for the issuance of licenses for the identified areas in the EC and KZN through the appointment of Environmental Assessment Practitioners (EAPs).  
**2013/14 Q2:** the dti and IDC to commence a pre-feasibility study on 5,750ha of suitable land and support forestry development by assisting communities with water license applications in EC. | 12 community projects totalling 6,520ha have been identified and the initial screening completed and currently undergoing scoping feasibility in the EC. A community project (Kilmon, 700ha) has been identified and stakeholders’ engagement process is underway in KZN. |
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| 65     | Forestry, Timber, Paper, Pulp and Furniture: Sawmilling sector Productivity improvement and sustainable supply of raw material | • 2013/14 Q1-Q2: the dti to implement Action Plans to address the current levels of imports.  
• 2013/14 Q2: the dti and DAFF to secure log supplies for small scale saw-millers using the on-going restructuring process of Category B and C plantations as an opportunity to address the raw material shortage.  
• 2013/14 Q3: the dti to liaise with DAFF to review the current tender approach for allocating raw material to SMME’s.  
• 2013/14 Q4: the dti to support the development of SAFCOL Multi-Year Contracts (MYC) Guidelines to address the issue of unequal distribution of raw material among small scale saw-millers. | The dti concluded a study on levels of imports of sawn timber. The study found that the level of imports is not significant, but came up with recommendations to be implemented by the dti in terms of trade support.  
the dti had discussions with SAFCOL and Department of Public Enterprises regarding the supply of raw materials to small-scale sawmillers. It was agreed that a task team consisting of SAFCOL, DPE, DAFF, DRDLR and the dti be formed in order to address issues relating to raw material supply and efficiency of these sawmills. |
| 66     | Forestry, Timber, Paper, Pulp and Furniture: Furniture manufacturing Furniture Design Program | • 2013/14 Q1: the dti and the FPM Seta to develop the furniture design course and qualifications framework.  
• 2013/14 Q1: the dti to develop the framework for the Furniture Design Competition.  
• 2013/14 Q2: the dti, FPM Seta and SABS to pilot the design course in two provinces.  
• 2013/14 Q3: the dti and FPM Seta to roll out the design course in the industry.  
• 2013/14 Q4: the dti and SABS to finalise the design competition. | The design course has been rolled out and FPM Seta approved R1million budget for development of design course. |
| 67     | Forestry, Timber, Paper, Pulp and Furniture: Furniture manufacturing Furniture Cluster Development | • 2013/14 Q1: the dti to identify two clusters each in KZN and EC and provide profile of manufacturers.  
• 2013/14 Q2: the dti to determine resource requirements of each cluster such as skills and technology.  
• 2013/14 Q3: the dti to facilitate the establishment of cluster management structures and capacity building. | The cluster management structures were established.  
the dti is in the process of addressing issues such as skills development, establishment and registration of clusters to enable them to access the dti offering such as MCEP and to collectively tender and benefit from designation. |
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<td>68</td>
<td>Business Process Services Roll-out of Business Process Services (BPS) Incentive Programme</td>
<td>- 2013/14 Q1- onwards: On-going implementation and review of the BPS incentive programme.</td>
<td>8 new projects have been approved which will create an additional 2,421 jobs and attract R528 million investment over 3 yrs. The total amount of claims paid on the BPS incentive programme since Jan 2011 is R587 million and the number of sustained jobs is 8,974. Youth Employment 88%</td>
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| 69          | Business Process Services Skills development for the BPS sector                   | - 2013/14 Q1: Design of pilot phase of the language programme commences.  
- 2013/14 Q1: Training at NQF Level 4 and above continues.  
- 2013/14 Q2: Training of 3,000 unemployed youth at NQF Level 3 takes place; with a minimum of 9% targeted for provinces other than Gauteng, the WC and KZN.  
- 2013/14 Q3: Middle-management training (training of 500 supervisors and team leaders) takes place.  
- 2013/14 Q4: 50% of trained learners are contracted into employment for a minimum of a 12-month contract.  
- 2013/14 Q4: Contracting of language and domain area trainers.  | Approval was granted by the Monyetla Steering Committee to 34 consortia to train 3245 learners across 8 Provinces, 485 of which are funded by the consortia themselves.  
25 contracted consortia had a total of 3,010 learners enrolled of which 2,624 still in training and 386 have now are commenced with employment.  
536 Trained supervisors and team leaders have been trained.  
50% of 3221 trained learners are contracted into employment for a minimum of a 12-month contract.  
The Department of Home Affairs through Immigration Office has listed the foreign languages as part of critical skills for the BPS development and investment attraction. |
| 70          | Creative industries: Craft, Music and Film Customised Craft Sector Programme       | - 2013/14 Q1-Q4: On-going rollout of the South African Handmade Collection (SAHC).  
- 2013/14 Q1-Q4: Establishment of marketing, retail and distribution mechanisms and channels for emerging craft enterprises.  
- 2013/14-2014/15: Continuing work by the dti, SABS and PSA in leading the phased process towards the development of standards and a recognised Certification Mark. | On-going rollout of the South African Handmade Collection (SAHC), Craft CSP interventions particularly ‘Product Development’, Market access and Enterprise Development continue through the support of the Craft Hubs and Craft programmes implemented at the Hubs and through PIPAs. The Cape Craft & Design Institute (CCDI) has assisted 70 craft enterprises with Product Development, 33 with Domestic market access support and 20 with export development training.  
Terms of reference for the Craft Distribution Model were developed and approved. A call was sent out for suitable service providers to apply to propose the best possible model that can be used for the marketing, retail and distribution channels for emerging craft enterprises. Unfortunately only a |
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<td>Single application was received for call for service providers. A new call to a larger pool of service providers will be issued within the 1st month of Q2 2014/15.</td>
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<td>The dti has been working closely with SABS and sector role-players on the development of standards for the Craft Sector. A Technical Committee for the Standards Development has been established. A draft Craft Standards was developed, considered and reviewed by technical committee. A number of stakeholders including craft experts from across the country are participating in the process. It is envisaged that the final copy of the draft standards will be published for comment by end of the third quarter of 2014/2015.</td>
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| 71          | Creative industries: Craft, Music and Film Approval of the Music Strategy and initiation of interventions | • 2013/14 Q1: Consultations with all stakeholders and approval by the dti Exco.  
• 2013/14 Q2-Q4: Initiation of approved interventions. | The strategy document was consulted on with industry associations and Provincial stakeholders in Gauteng, Kwa-Zulu Natal, the Eastern Cape and the Western Cape. The final draft of the Music Strategy has been approved by the dti EXCO. |
| 72          | Creative industries: Craft, Music and Film Film and television strategy | • 2013/14 Q1-Q4: Up scaling of the film and television incentive through a revision of the film and television incentive guidelines.  
• 2013/14 Q1-Q4: Researching and re-drafting of the film and television sector strategy and design of key action plans. | The South African film and television incentive guidelines were revised and the new Emerging Black Film maker’s incentive guidelines have been drafted. Internal and interdepartmental consultations took longer than expected. All inputs have been incorporated and the submission has been prepared for Ministers approval.  
Desk top research was undertaken and the revised film and television strategy and action plan was subsequently drafted. The Draft Film Strategy Action Plan was presented to the Industrial Policy Development Division EXCO and approved. |
<p>| 73          | Green industries Adaptation of SA’s GHG emission commitments | • 2013/14 Q3: GHG mitigation analysis by DEA will set GHG mitigation objectives for industrial sectors. | The dti’s position paper on Carbon Tax has been finalised and presented in parliament. The GHG Mitigation analysis by DEA has been finalised. |</p>
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| 74          | Green industries: Renewable Energy Revise the minimum local content requirements for the REIPPP and small scale programmes | • 2013/14-2014/15: Annual research and stakeholder consultation on the state of the renewable energy manufacturing industry and a determination of the minimum and target levels of local content for the next bidding window. Publication of localisation Road Maps for renewable energy technologies.  
• 2013/14-2014/15: Continuous monitoring and reporting on the development of local renewable energy industry.  
• 2013/14-2014/15: On-going review of local content targets on an annual basis. | The dti has commenced the process of small scale renewable energy localisation strategy and wind energy localisation roadmap. All local content targets recommended by the dti were incorporated in the Department of Energy’s RFP for round three of the Renewable Energy Independent Power Procurement Project (REIPPP).  
The Localisation Roadmap was launched in August. The Small Scale Renewables Sector Development Strategy was finalised in September.  
The Solar CSP Localisation Roadmap was finalised in June 2013.  
The biannual report on the state of renewable energy local industry was completed in December 2013. |
• 2013/14-2014/15: Research, stakeholder consultation and recommendations for designation. | The dti has met with 8 Metro’s, Department of Public Works, Department of Energy and Eskom to establish the task team to identify EE components and products funded by government. The task team has been established and the following products have been identified: LED lights for public lighting, especially for the use in Traffic lights, Street lights, public building and residential building replacements programme. |
| 76          | Downstream Mineral Beneficiation The Mineral Value-Chains Strategy (MVS) | • 2013/14 Q1: Mineral Beneficiation Concept Report (overview of the MVS); Ferrous Report, including the current South African situation, the international context, downstream mapping (including challenges, obstacles and constraints), downstream opportunities for South Africa and downstream strategies (options).  
• 2013/14 Q2: Polymers Report, including the current South African situation, the international context, downstream mapping (including challenges, obstacles and constraints), downstream opportunities for South Africa and downstream strategies (options).  
• 2013/14 Q3: Titanium Report, including the current South African situation, the international context, downstream mapping (including challenges, obstacles and constraints), downstream opportunities for South Africa and downstream strategies (options). | The ferrous, polymer and titanium reports have been approved. The draft PGM report has been submitted and discussions between the stakeholders and the service provider are on-going to firm up the KAPs.  
The mining inputs and final report were completed in Q4 2013/14. The final report was approved by the project and IPSF steering committees. Key interventions were identified for each of the 5 value chains (iron-ore/steel, titanium, pgm’s, polymers and mining inputs) which will be unpacked into action plans. |
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<td>mapping (including challenges, obstacles and constraints), downstream opportunities for South Africa and downstream strategies (options). PGM Report, including the current South African situation, the international context, downstream mapping (including challenges, obstacles and constraints), downstream opportunities for South Africa and downstream strategies (options).</td>
<td>EDD has gazetted the final policy directive on scrap metal. ITAC's final scrap metal export permit guidelines were published in Government Gazette No 36708. In accordance with the ITAC's report on the Price Preferential System for Ferrous and Non-Ferrous Waste and Scrap, scrap metal will be allowed to be exported only if the scrap metal was offered to domestic consumers at a price that is 20% below international spot prices for the published types and grades of scrap metal. The policy remains in force and continual feedback is being received from industry on the performance of the system.</td>
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| 77          | Downstream Mineral Beneficiation The Iron and Steel Value Chain | • 2013/14 Q1: Amendment of the MPRDA to enable the deployment of its provisions. The dti to finalise the steel production targets and developmental pricing modalities for both iron ore and steel to support the national industrialisation programme.  
• 2013/14 Q2: The Minister of Economic Development to gazette the necessary Regulations and establish the appropriate processes under the terms and conditions of the International Trade Administration Act. The Minister of Police to introduce the necessary Regulations in terms of the Second Hand Goods Act, and the Department of Police to issue the necessary certificates and carry out inspections of intended scrap metal exports.  
• 2013/14 Q3: To finalise amendments to the Competition Act to ensure that iron ore price concessions accruing to the primary steel industry are passed on to downstream steel users. This will include appropriate powers to determine pricing methodologies, monitor compliance and sanction non-compliance.  
• 2013/14 Q3: An IDC led Task Team will finalise proposals for a new steel investment including a suitable operating partner | |
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<td>and the coordination of a fast-track process to complete all the relevant regulatory requirements, including fast-track EIA processes and water, land use and minerals licence conditions.</td>
<td>The Ports study has been completed. The findings of this study were presented to TNPA’s EXCO on 22 January 2014. At the EXCO the DPE made it clear that TNPA has to make a decision on whether to invest in their ship repair assets themselves or concession them out, either way a decision has to be made before the end of the 2013/14 financial year. It was subsequently resolved that TNPA, DPE and the dti will develop a strategy that best implements the recommendations made in the study whether this results in TNPA’s ship repair assets being concessioned or not is to be determined. The first step toward a National Marketing Strategy was a joint conference which was hosted by the dti, the DPE and TNPA. The object of this conference was to showcase South African capabilities within the Ship Repair/Oil &amp; Gas sectors.</td>
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| 78 | Upstream Oil and Gas Maritime industrial capacity and ports offering | • 2013/14: DPE/the dti/TNPA joint task team will address short-term constraints and solutions, and put in place a framework to enhance the economic role played by South African ports in furthering industrial development; and in particular, for the longer-term development of the upstream oil and gas sector.  
• 2013/14 Q4: The development and initiation of the National Marketing Initiative for the South African upstream oil and gas sector, informed by the joint task team’s report and findings on South African ports’ industrial product offering. | |
| 79 | Upstream Oil and Gas Integrating South African suppliers into the oil & gas services supply chain | • 2013/2014: Develop a localisation programme in conjunction with PetroSA. | This work is being headed up by the dti’s Metals Fabrication Chief Directorate. The Metals Chief Directorate has commissioned a study that looks into the opportunities for localisation presented by the construction of an oil & gas refinery (i.e. Project Mthombo). The localisation study is expected to be completed by November 2014. |
| 80 | Boatbuilding and Associated Services Industry Boatbuilding Skills Development Programme | • 2013/14 Q1 - Q2: Mapping of skills critical to the boatbuilding sector.  
• 2013/14 Q3 - Q4: Identification of institutions that will undertake the training for boatbuilding specific skills development and the development of the institutional arrangement that will govern the implementation of the skills plan. | Skills mapping ToR have been approved and the consultants have commenced with the research. |
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<td>Boatbuilding and Associated Services Industry Industrial Financing</td>
<td>• 2013/14 Q1 - Q4: Develop and design a set of proposals for broadening the scope of existing sector-specific incentives to include commercial boats.</td>
<td>Engagements with industry and IDC took place to discuss the current stock boat programme. A workshop took place in July between IDC and industry and it was agreed that the current structure of the stock boat programme will remain in place to see if uptake increases.</td>
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<td><strong>82</strong></td>
<td>Boatbuilding and Associated Services Industry Designation of working boats for public procurement</td>
<td>• 2013/14 Q1–Q2: Finalise research on feasibility of designating working boats. • 2013/14 Q3 – Q4: Complete the designation proposal.</td>
<td>Designation template for working vessels was approved by Designation Approval Panel and the Minister of Finance approved the Instruction Notes for the sector to be designated.</td>
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<tr>
<td><strong>83</strong></td>
<td>Nuclear Energy Localisation of Nuclear Components and Services</td>
<td>• 2013/14 Q2: the dti and the localisation and skills development sub-working group will conclude a joint nuclear localisation strategy document. • 2013/14 Q3: the dti and the localisation and skills development sub-working group will conclude a joint nuclear skills development strategy document. • 2013/14 Q3: the dti will identify and recommend further initiatives to support local supply chain development and investment.</td>
<td>The draft skills development strategy (high level) review was finalised by the sub-working group in Q3 (in line with 2013/14 target date); minor editions were also recommended.</td>
</tr>
<tr>
<td><strong>84</strong></td>
<td>Advanced manufacturing Commercialisation of the Natural Fibre Reinforced Composites</td>
<td>• 2013/14 Q3: Identify and evaluate key constraints in funding, interventions and general materialisation of commercialisation and mitigating factors. • 2013/14 Q4: Commission the first phase of an integrated manufacturing demonstration plant to produce prototypes to fast-track the commercialisation of new products. • 2013/14 Q4: Fibre crop cultivation trials and fibre extraction trials towards the establishment of a natural fibre production industry. • 2013/14 Q4: OEM-level testing and/or technology transfer of at least two prototypes (automotive parcel trays and panels for aircraft interior applications) for the construction, aerospace or automotive sectors. • 2013/14-2014/15: Undertake two techno-economic studies</td>
<td>A public-sector research, development and innovation capabilities audit has been conducted which has identified the country’s opportunities and gaps in relation to bio-composites and also composites broadly. An independent panel review of the value proposition of the Bio Composite Centre to undertake the above task was concluded. The DST-funded Biocomposites Centre of Competence (BCC) hosted by the CSIR, is supporting interdepartmental coordination of R&amp;D-led industrial development. Crop trials have been conducted by the ARC, to position the local cultivation of kenaf for up-scaling. Prototype composite parts for aircraft, automotive and building applications are being completed. A public-sector research, development and innovation capabilities audit has</td>
</tr>
<tr>
<td>IPAP Ref No</td>
<td>Programme/Project</td>
<td>Key actions/quarterly milestones</td>
<td>Progress to date</td>
</tr>
<tr>
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<tr>
<td></td>
<td>to assess the viability of new bio-composite products.</td>
<td>been conducted which has identified the country’s opportunities and gaps in relation to biocomposites and also composites broadly.</td>
<td></td>
</tr>
<tr>
<td>85</td>
<td>Aerospace &amp; Defence Strengthened coordination for the advancement of the aerospace and defence sectors through integrated flagship projects</td>
<td>• 2013/14 – 2014/15: Empowering JASC to provide strategic leadership for the Aerospace and Defence sectors through implementation of the identified interventions such as flagship projects, forums and technology stream workgroups.  • 2013/14 Q3: Identification of constraints and positive interventions for the development of the South African Defence Industry (e.g. removal of non-qualifying guidelines of SADI and possible inclusion in existing incentive programmes).  • 2013/14 Q4: Update of industry statistics for the aerospace and defence sectors and development of the Defence Industry Strategy.</td>
<td>An amount of R5m was pledged by DST towards the first Joint Arial space committee (JASC) flagship, unmanned Arial Vehicle (UAV). The amount is for the Hungwe UAV airframe optimisation. the dti through AISI has also contributed towards UAV Mobile Ground Station development. A list of key constraints were identified such a limited funding for the industry, insufficient diversification into export markets, Limited export support (export council and compliance with international standards and skills developments), Shortage of Large development programmes to build the technology and skills pipeline. In each of the above listed constraints, financial support was identified as a common denominator. The sector desk in partnership with MCEP development amended the MCEP guidelines as a financial intervention to include Aerospace and Defence Industry. The amendments were signed by Minister and became effective as from 1st April 2014. In October 2013 the Aerospace and Defence sector concluded the Terms of Reference intended to provide framework for the study. They were presented and approved by relevant stakeholders including the Industrial Policy Support Fund Committee. Industrial Development Corporation, on behalf of the dti appointed the service provider and the study commenced on 15 June 2014.</td>
</tr>
<tr>
<td>86</td>
<td>The Electro-technical Sector Electricity Prepayment Meter Manufacturing (EPPMM): Localisation of Manufacturing of EPPMs through designation within</td>
<td>• 2013/14 Q3: Designation of the EPPM industry in line with the revised PPPFA</td>
<td>Designation template for electricity meters conditionally approved by Designation Approval Panel and the Minister of Finance approved the Instruction Notes for the sector to be designated.</td>
</tr>
<tr>
<td>IPAP Ref No</td>
<td>Programme/Project</td>
<td>Key actions/quarterly milestones</td>
<td>Progress to date</td>
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<tr>
<td>the PPPFA</td>
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</tbody>
</table>
| 87          | The Electro-technical Sector Electricity Prepayment Meter Manufacturing (EPPMM): Restructuring of Trade Interventions | - 2013/14 Q1: Agreement between the dti, ITAC, SARS & industry on the proposal to impose duties and the relevant rate  
- 2013/14: Decision to institute duties on all imported PPM’s taken by the ITAC | Agreement on imposition of duties achieved. An agreement with Eskom on the classification for electricity meters reached. A final list was subsequently sent to SARS in December 2013 for their confirmation. the dti awaiting this confirmation before making a final submission to ITAC. Preliminary classification was finalised by SARS in May 2014. It is expected that the promulgation and amendment of the new classifications be finalised by end September 2014. |
| 88          | The South African software industry Software Development Process Improvement Programme | - 2013/14 Q1: Agreement on the selection criteria for participating entities within Regional IT clusters. Operations Manual and curriculum ready for use for the pilot project. Two Software Development entities (one in Gauteng and one in Western Cape) identified and participating in the process improvement programme.  
- 2013/2014 Q2: Two additional software development entities participating in the process improvement programme (one in Kwazulu-Natal, one additional unit in Gauteng). Baseline performance measurements conducted at all four units.  
- 2013/2014 Q3: Agreement on alignment of the SA Electro-technical Export Council mandate, EMIA and the Joint Action Group for the Software Industry to support export-ready companies. Performance of the first four software development entities reviewed and refinements made to the Operations Manual and training curriculum  
- 2013/2014 Q4: Four additional software development entities identified and participating in the process improvement programme. | Selection criteria agreed to and approved by the Project steering committee. TSP instructor and Coach appointed. Two companies: Barone, Budge & Dominick (Pty) LTD have started training on the Team support Programme (TSP). The software development improvement programme is on hold due to ECF funding problems. Both the Johannesburg Centre for Software and Electrotechnical Export Council supports the initiative and drafted points of action but could not proceed with the actual form of an agreement because of lack of funding. |
The National Industrial Participation Programme (NIPP), incorporating Direct NIP and Indirect NIP, is part of the four-tier levers approach to leverage government procurement approved by the Cabinet in December 2012. The others are Competitive Supplier Development Programme (CSDP) and Designations. The programme places an obligation (“Industrial Participation Obligation”) on companies awarded contracts by state owned entities where the imported content is US$10 million or more to participate in economic activities in the country to the value of 30% or more of the imported content. The economic activities can be in the form of investment, export promotion, Research and Development (R&D) collaboration with local companies, technology transfer and supporting the objectives of Broad Based Black Economic Empowerment.

The review, strengthening and alignment of the NIP policy with other procurement levers have been completed. The new NIP Guidelines, developed in 2013, places more emphasis on Direct NIP activities i.e. activities that are within the same sector as that from which the contract was awarded. Indirect NIP is only allowed under exceptional circumstances or in instances where there are no existing local capabilities and there are no prospects to build capabilities in the medium to long term. The unit is now in the process of creating awareness about the new NIP guidelines with both public and private companies by making presentations to conferences, industry forums and state owned companies. The emphasis on Direct NIP has necessitated the review of the current arrangement with Defence related procurement whereby both NIP
and Defence Industrial Participation (managed by Armscor) apply. This review has started and is expected to be completed by the end of the year.

Companies that have been awarded contracts with imported content of US$10 million must commit to the obligation by signing an industrial participation obligation agreement with the dti and thereafter submit a performance guarantee that is equal to 5% of the obligation value. In order to fulfill the obligation, companies need to submit business concepts outlining the business activities they intend to undertake. If the business concept is approved, they must then submit bankable business plans on the approved business concepts. On implementation of the business plans, companies must submit yearly reports outlining progress thereof including investment made and how the amounts have been used, sales from operations, jobs created or sustained etc. The amount expended in the businesses is used to offset the value of the obligation through a system of credits as outlined in the NIP Guidelines.

In the past financial year (2013/14), 25 business concepts, 23 business plans as well as 87 claims for credits were received from obligors. Of these, 22 business concepts, 19 business plans and 86 credit claims were approved. Our turnaround plans have improved with 100% of business plans processed within 3 months of receipt while 90% of credit claims are processed within 2 months.
### Table 1: Obligations that have been concluded for the period under review

<table>
<thead>
<tr>
<th>Obligor</th>
<th>Origin of Obligation</th>
<th>Obligation Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>MBSA</td>
<td>Supply of intercity coaches and related services towards the FIFA World Cup - Department of Transport.</td>
<td>$40,932,116</td>
</tr>
<tr>
<td>MBSA</td>
<td>Supply of motor vehicles to the state (RT57 2010 CV - RT 57 2012 CV) - National Treasury.</td>
<td>$17,850,030</td>
</tr>
<tr>
<td>MBSA</td>
<td>Supply of motor vehicles to the state (RT57 2013 CV) - National Treasury.</td>
<td>$7,000,000</td>
</tr>
<tr>
<td>ABB/Vyntex</td>
<td>Telkom SA for the supply of a workforce management system under agreement no 09oc/02</td>
<td>$7,070,147</td>
</tr>
<tr>
<td>Sandown Motor Holdings (Pty)Ltd</td>
<td>The company was awarded contract in January 2013 to supply 134 buses to City of Johannesburg’s Rea Vaya BRT system.</td>
<td>$4,845,000</td>
</tr>
<tr>
<td>Siemens</td>
<td>Siemens (Pty) Ltd was awarded contract, contract No. HO/SIGNALS/02/2009 for the “Design, Construction and Implementation of a New Railway Signalling System Nationally and Design, Construction and Installation of the Gauteng Nerve Centre”.</td>
<td>$4,632,904</td>
</tr>
<tr>
<td>SR Technics</td>
<td>Provision of maintenance, repair and overhaul of the CFM56-5C engines to South African Airways SOC Limited (SAA)</td>
<td>$13,410,000</td>
</tr>
<tr>
<td>Lufthansa</td>
<td>Provision of maintenance repair and overhaul of the CFM56-7B27 engines to SAA</td>
<td>$26,582,155</td>
</tr>
<tr>
<td>Standard Chartered</td>
<td>Sale and leaseback of two Airbus A320 aircraft to SAA</td>
<td>$4,883,886</td>
</tr>
<tr>
<td>GECAS</td>
<td>Leasing of two Boeing 737-800 aircraft to SAA</td>
<td>$8,491,200</td>
</tr>
</tbody>
</table>

In addition to the above mentioned obligations, the business unit is following up on a number of obligations arising that arose in the past financial year but for which the obligation agreements have not yet been signed or were signed after the end of the financial year. The reasons for the delay are mainly due to:
• Negotiations which have taken long to conclude due to some companies not being familiar with the programme.

• The IPS unit not being aware of the awarding of the contracts when they are awarded.

Table 2: Obligations not yet concluded

<table>
<thead>
<tr>
<th>Obligor</th>
<th>Origin of obligation</th>
<th>Estimated Obligation value</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ford</td>
<td>Supply of motor vehicles to the state (RT 57 2007 CV - RT 57 2010 CV) - National Treasury</td>
<td>R349,941,723</td>
<td>Signed on 6 August 2014</td>
</tr>
<tr>
<td>Toyota</td>
<td>Supply of motor vehicles to the state (RT 57 2010 CV - RT 57 2012 CV) - National Treasury</td>
<td>R529,990,826</td>
<td>Signed on 6 August 2014</td>
</tr>
<tr>
<td>GMSA</td>
<td>Supply of motor vehicles to the state (RT 57 2008 CV to RT 57 2012 CV) - National Treasury</td>
<td>R382,397,431</td>
<td>In the signing process</td>
</tr>
<tr>
<td>Nissan</td>
<td>Supply of motor vehicles to the state (RT 57 2007 CV - RT 57 2012 CV) - National Treasury</td>
<td>R571,858,870</td>
<td>In the signing process</td>
</tr>
<tr>
<td>VWSA</td>
<td>Supply of motor vehicles to the state (RT 57 2009 CV to RT 57 2013 CV) - National Treasury</td>
<td>R361,470,000</td>
<td>In the signing process</td>
</tr>
<tr>
<td>IAE</td>
<td>Supply of V250 engines to the A320 aircraft procured by SAA</td>
<td>US$5,787,230</td>
<td>In signing process</td>
</tr>
<tr>
<td>Siemens</td>
<td>Old Eskom obligations</td>
<td>R2,200,385</td>
<td>In signing process</td>
</tr>
<tr>
<td>Siemens</td>
<td>Gauteng Signalling Equipment</td>
<td>US$42,700,366</td>
<td>In signing process</td>
</tr>
<tr>
<td>Harkand Chartering Limited (formerly Iremis)</td>
<td>Supply of offshore support vessels and related services for Project Ikhwezi by PetroSA.</td>
<td>US$18,000,000</td>
<td>In signing process</td>
</tr>
<tr>
<td>Obligor</td>
<td>Origin of obligation</td>
<td>Estimated Obligation value</td>
<td>Comments</td>
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</tr>
<tr>
<td>SBM Offshore Contractors Inc</td>
<td>Supply of fabrication and subsea installation services for Project Ikhwezi by PetroSA</td>
<td>US$14,641,837</td>
<td>In signing process</td>
</tr>
<tr>
<td>FMC - Norway</td>
<td>Supply of Wellhead Equipment and Subsea Production Tree Installation Services for Project Ikhwezi by PetroSA</td>
<td>US$3,300,000</td>
<td>Negotiations</td>
</tr>
<tr>
<td>FMC - UK</td>
<td>Supply of Subsea Xmas trees (SSXT) New for Project Ikhwezi by PetroSA.</td>
<td>£2,200,000</td>
<td>Negotiations</td>
</tr>
<tr>
<td>Duco Ltd</td>
<td>Supply of Umbilicals and Tie-in Jumpers for Project Ikhwezi by PetroSA.</td>
<td>£5,400,000</td>
<td>Signed in June 2014</td>
</tr>
<tr>
<td>Expro Gulf</td>
<td>Supply of slickline, Subsea Test Tree and Surface Well Testing Services for Project Ikhwezi by PetroSA</td>
<td>US$5,800,000</td>
<td>Negotiations</td>
</tr>
<tr>
<td>Frank’s International</td>
<td>Supply of Tubular Running and Completion makeup for Project Ikhwezi by PetroSA.</td>
<td>US$3,000,000</td>
<td>Negotiations</td>
</tr>
<tr>
<td>Baker Hughes</td>
<td>• Offshore Cementing and Pressure Testing Services.</td>
<td>US$9,900,000</td>
<td>In signing process</td>
</tr>
<tr>
<td></td>
<td>• Perforating Equipment and Services</td>
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<tr>
<td></td>
<td>• Provision of Drilling Bits Consignment &amp; Design for Offshore Drilling</td>
<td></td>
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</tr>
<tr>
<td>Thales – Maziya Consortium</td>
<td>Supply of Railway signalling system to PRASA</td>
<td>US$204,635,148</td>
<td>Signed in June 2014</td>
</tr>
<tr>
<td>Thales - RSA</td>
<td>Air Traffic &amp; Navigation Services to ATNS</td>
<td>€3,847,137</td>
<td>In signing process</td>
</tr>
<tr>
<td>Rheinmetall</td>
<td>Supply of Gun Fire unit to Armscor</td>
<td>CHF 31,331,732</td>
<td>In signing process</td>
</tr>
<tr>
<td>Neotel</td>
<td>Broadband infrastructure to WCPG</td>
<td>US$30,000,000</td>
<td>Negotiations</td>
</tr>
<tr>
<td>Obligor</td>
<td>Origin of obligation</td>
<td>Estimated Obligation value</td>
<td>Comments</td>
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</tr>
<tr>
<td>Altech Alcom</td>
<td>Broadband Infrastructure to GPG</td>
<td>US$35,000,000</td>
<td>Negotiations</td>
</tr>
<tr>
<td>Matomo</td>
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</tbody>
</table>

**Implemented Projects during the period**

**Materials Testing Laboratory**

After successfully establishing a materials testing laboratory in 2011/12 through funding from NIP, the company, 180 Degrees requested the NIP investor, Allseas to provide additional investment for the establishment of a machine workshop to provide an enabling environment for the rapid growth of the laboratory.

The materials testing facility’s primary role is for routine materials inspection and quality control measures. The business however is in a position to provide materials inspections and testing required for manufacturers to do product development projects. The main sectors that the materials testing facility is servicing are the ship repair, steel fabrication, the broader manufacturing sector including fabricators of pressure vessels, food and beverage equipment, manufacturing of end user goods.

**Pilatus – Beneficiation of sand into monoclinic fused zirconia**

Pilatus, the obligor, provided funding in the form of interest payments for the investment in the facility. Pilatus was awarded a contract by South African Air Force to replace the avionic systems of the MKII trainer aircraft. The Pilatus NIP project is about the establishment of local capability and production capacity in a value-adding industrial process, which involves the transformation of a raw material, zircon sand, into monoclinic fused zirconia, by heating this sand in a controlled temperature of over 2,800 degrees Celsius in an electric arc furnace that produces molten zirconia and silica. In this process, the silica is driven off and collected separately as a silica fume; while the zirconia is cooled down to a room temperature to produce a coarse granular material called monoclinic fused Zirconia.
This is the first bubble zirconia facility in South Africa and a new technology that empower Foskor Zirconia to produce, export and be more competitive in the market.

- The product is highly strategic in the nuclear energy industry
- It is resistant to high temperatures, corrosion in environments such as highly pressurised water and steam
- It contains exceptional permeability to neutrons as zirconium has very low absorption cross-section of thermal neutrons.

This product is used in industries such as steel, non-ferrous metallurgy, glass melting, chemical, titanium, feedstock for abrasives, alumina fused zirconia, yellow and blue pigment, ceramics and technical ceramics, brake linings, plasma spray powders, and nuclear power generation.

**Liebherr - Re-manufacture of components for heavy duty engines**

This investment project entails the establishment of a workshop to rebuild and remanufacture components of heavy duty engines, cylinders, gearboxes and final drives. In response to a NIP obligation acquired through supplying cranes to Transnet Port Authority, Liebherr decided that, instead of exporting faulty components overseas for refurbishment, it establish a rebuild and remanufacturing centre at its existing facility in Springs, Gauteng province.

In this remanufacturing process, components are disassembled, internal parts are assessed to determine whether the parts can still be reused or replaced, depending on whether they meet the re-use criteria.

**Q400 Leasing - Coega Autospray**

This project involves the development of in house moulding capacity to manufacture small moulded plastic parts (door and boot handles, grilles and wing mirror covers) for the automotive sector. It has been financed by Q400 Leasing, a company that was awarded a contract to lease aircraft by South African Express. The project has created 17 jobs.
Q400 Leasing - Agrilina – Wood Products

Based in Limpopo, the project entails the manufacture of wood plastic composite (WPC) products (decking, window frames, door-frames and traffic poles). 4 jobs have been created.

Airbus - A400M Component Manufacturing

The project involves designing, manufacturing and exporting of aerospace components (Cockpit/Nose Fuselage Lining, Wing Tip, Galley and Cargo lining) for the A400M Airbus aircraft. 135 jobs have been retained for this project.

MBSA – Manufacture of components

Three projects, creating a total of 83 jobs with a further 85 jobs retained have been implemented by MBSA to meet its obligations arising from supplying cars to government departments under the National Treasury contracts RT57.

- Manufacturing of seat belts in Atlantis in the Western Cape for the Mercedes Benz W205 assembled in East London. 85 jobs have been retained as a result of this project
- Manufacturing of under body covers for the Mercedes Benz W205 assembled in East London. 3 jobs have been created.
- Manufacturing of module and seat structures for the Mercedes Benz W205 assembled in East London. 80 jobs have been created.

Toyota SA Motors

A Toyota SA Motors has implemented 3 projects towards the fulfilment of its obligations arising from supplying vehicles as part of National Treasury RT 57 contracts.

- Sourcing of forged knuckles manufactured by Auto Industrial Foundry (AIF) based in Isando, Gauteng, for the Toyota Corolla 133A assembled in Prospecton, KwaZulu Natal.
- Sourcing of brackets for parking brakes, brace for front suspensions and frames for door windows manufactured by L&G Tooling, based in
Imbongwintini, KZN, for Toyota Corolla 133A assembled in Prospecton, Kwa Zulu Natal.

- Sourcing of alternators manufactured by Robert Bosch, based in Brits, North West province, for the Corolla 133A assembled in Prospecton, KwaZulu Natal.

Challenges in implementing the programme

- Non-compliance to the NIP policy by government procuring entities was the challenge in the administration of NIP. The non-compliance relates in the main to failure by state owned entities to notify the dti upon award of the tender.
- Reluctance of NIP obligated companies to commit to NIP within the required timelines of 90 days upon signature of the main supply contract having been awarded continued to pose a challenge to NIP.