TRADE & INDUSTRIAL POLICY STRATEGIES

# LESSONS FROM THE REGIONAL DEVELOPMENT APPROACH IN THE ATLANTIS, WESTERN CAPE

Georgina Ryan

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info@tips.org.za
+27 12 433 9340
www.tips.org.za

Georgina Ryan is a Junior Researcher, Sustainable Growth at TIPS

# Abstract

*This paper explores the role of Special Economic Zone (SEZ) designation in promoting regional development in the Western Cape. A case study of Atlantis is used to reflect on lessons in preparing the industrial node for designation as a greentech hub. It argues that SEZ designation is a useful industrial policy tool for regional development – a necessary tool; however, it is not sufficient without supporting measures such regional collaboration and broader industry support. Prior to SEZ designation, initiatives to advance the green economy in Atlantis began in 2010, supporting, among others, the manufacturing of renewable energy technologies. Sufficient market demand has been ensured through the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) and its local content requirements. The SEZ tool serves as a coordinating mechanism and a means of focusing the efforts in the region to promote nascent green industries, particularly in renewable energy, and reposition Atlantis as a destination for green manufacturers. Features such as the industrial history and recent developments in greentech promotion are unique to Atlantis and strengthen its case for SEZ readiness. There are, however, many lessons in preparing the space for designation that can replicated across the other SEZs in South Africa – particularly around spatial planning and institutional collaboration to attract investors.*

# Contents

# Abbreviations

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| ASEZ | Atlantis Special Economic Zone |
| CoCT | City of Cape Town |
| CDE | Centre for Development and Enterprise |
| CPUT | Cape Peninsula University of Technology |
| DoE | Department of Energy |
| dti (the) | Department of Trade and Industry |
| ELIDZ | East London IDZ |
| ERLN | Economies of Regions Learning Network |
| IDZ | Industrial Development Zone |
| IPP | Independent Power Producer |
| IRP | Integrated Resource Plan |
| MCEP | Manufacturing Competitiveness Enhancement Programme |
| NDP | National Development Plan |
| NGP | New Growth Path |
| PPP | Public-Private Partnership |
| RBIDZ | Richards Bay IDZ |
| REIPPPP | Renewable Energy Independent Power Producer Procurement Programme |
| SBIDZ | Saldanha Bay IDZ |
| SAREBI | South African Renewable Energy Business Incubator |
| SARETEC | South African Renewable Energy Technical Centre |
| SEDA | Small Enterprise Development Agency |
| SEZ | Special Economic Zone |
| SIPs | Strategic Integrated Projects |
| SMMEs | Small, Medium and Micro Enterprises |
| TISA | Trade and Investment South Africa |
| UCT | University of Cape Town |
| WCG | Western Cape Government |
| WISP | Western Cape Industrial Symbiosis |

# Executive Summary

Atlantis is a focus for regional development from all three tiers of government. It was initially developed as an industrial centre for heavy industry, under the apartheid regime. Since the withdrawal of incentives in the 1990s many industries and businesses have suffered. Efforts have been made to promote greentech[1] in Atlantis since 2010 and, recently, these efforts have linked to the Department of Trade and Industry the dti) Special Economic Zone (SEZ) policy. The SEZ policy is designed to support targeted sectors in specific locations – which is an evolution of the older industrial development zone policy. Some of the advantages of this new industrial policy instrument include direct support to SEZs, efficient legal and operational structures and infrastructure provision. Based on a comprehensive feasibility study conducted in preparation for an application for designation, a number of development scenarios were considered, and a compelling case for a greentech-focused SEZ has been made. Five main lessons learnt during the preparation of the application include:

**i) Good strategic alignment**

There are a number of supportive policy frameworks and positions across the tiers of government in South Africa. The local and regional governments have each prioritised greentech development.

**ii) Strong institutions**

The project management office through GreenCape played a central role in coordinating. This is highlighted as a key driver. One section, WISP (Western Cape Industrial Symbiosis) is already being replicated in KwaZulu-Natal and Gauteng can be considered as an example of this value.

**iii) Excellent underlying economic case**

The economic fundamentals in Atlantis and for greentech in South Africa are strong. There is a thriving renewable energy industry and huge opportunity in the build environment, waste, water and energy sectors.

**iv) Bespoke investment support**

The City of Cape Town has, with its partner GreenCape, understood the requirements of greentech. It has proactively earmarked, permitted and fast-tracked land disposal in Atlantis. Understanding the constraints faced by business and relieving them is bespoke investment support. For example, building plan approval in Atlantis takes five days.

v) **Targeted skill audit and intervention**

Atlantis is an existing industrial area. A targeted skills intervention to simultaneously upskill the workforce and introduce new training opportunities will ensure an appropriately skilled workforce.

[1] Greentech should be understood as technologies that limit or prevent harm to the natural environment relative to conventional alternatives. Greentech involves technologies that are less polluting, use natural resources in a more sustainable manner, entail the recycling of their waste and products and the handling of their residual wastes in a more acceptable manner. Greentech is not only individual technologies but refers to the total system around green technologies that include know-how, procedures, goods and services, equipment, and organisational and managerial procedures.

The Atlantis SEZ has given itself an opportunity to succeed, and while it is premature to predict success, the ingredients and evidence are already there. Investments such as the GRI Renewable Industries wind facility of R300 million can act as anchor tenants in the zone. The work on industrial symbiosis, skills, investment promotion coupled with a provincial agency focused on the sector, political will and a market imperative provide an opportunity for this industrial development strategy to work. Many of the lessons from the Atlantis SEZ can be shared and translated to other regions and programmes.

# I. Introduction

Industrial policy instruments are important tools for economic development in South Africa, especially for development at the regional and sub-national level. Linking urban and rural spaces has become a challenge in the country, exacerbated by persistent poverty, unemployment and inequality. Support to industry, particularly in the manufacturing sector, results in multiplier effects – economic growth and job opportunities through the backward and forward linkages in the economy. To ensure sustainable development at the sub-national level, it is vital that targeted industrial policy be considered to provide the industrial and economic base for development, and to serve as a tool for regional development. One such industrial policy instrument is the Special Economic Zones. This paper explores the theory and practice of SEZs through a case study of the proposed designation of Atlantis in the Western Cape Province of South Africa.

A number of other development efforts have come before the application for SEZ designation, which have also helped position Atlantis in current industrial development plans. These include provincial and local initiatives as early as 2010 to promote greentech in Atlantis and positioning the town as a greentech hub for manufacturers, through a revitalisation effort to re-establish Atlantis as an industrial node near Cape Town. These initiatives are well aligned to national green economy aspirations, and the provincial green economy strategy. They respond to the efforts to promote renewable energy in South Africa and local manufacturing for this sector. This paper investigates the role of SEZ designation as an industrial policy tool for the regional development of Atlantis as this greentech hub.

The case study methodology used incorporates a desktop study on SEZs and green industrial development, a literature review and semi-structured interviews with key institutional stakeholders in the Atlantis SEZ (ASEZ). It was developed with the support of GreenCape, the project management office for the ASEZ, and reflects on the practical considerations for greentech in Atlantis and South Africa's SEZs.

The paper is structured in three main parts. Part one provides a background note on South Africa's SEZ policy and the development history of Atlantis. Part two discusses the key lessons coming from Atlantis as a greentech hub. Part three reflects on what this case study means for developing green SEZs, providing a summary of the findings and recommendations, followed by concluding remarks.

# 2. Latest developments in industrial policy: Special Economic Zones

A SEZ policy has been promoted by the dti as an enhancement of its approach to Industrial Development Zones (IDZs). SEZs are defined as a "geographically designated areas of a country set aside for specifically targeted economic activities, supported through special arrangements (that may include laws) and systems that are often different from those that apply in the rest of the country" (the dti, n.d.). A SEZ serves as "an economic development tool to promote national economic growth and exports by using targeted support measures to attract foreign and domestic investments and technology" (the dti, 2012). The most recent iteration of the policy in the form of the Special Economic Zones Act No. 16 of 2014 plans to support the development and designation of 10 new SEZs in addition to existing IDZs, as part of the broad industrial policy strategy to promote regional development and support to industries for economic development. Between 2002-2015, six IDZs were designated and the dti has spent R7. 2 billion developing and supporting these IDZs (the dti, n.d.).

The current SEZ policy in South Africa builds on lessons learnt from developing IDZs since 2000. IDZs were initiated to tackle the post-apartheid challenge of increasing foreign direct investment and accelerating economic growth, while also addressing the narrow range of exports and a dependence on primary production. They are "purpose-built industrial estates, linked to an international port or airport, specifically designated for new investment in export-oriented industries and related services" (the dti, n.d.). In terms of the jobs created in the country's IDZs, it is estimated over the 10-year period (2002-2012) that 73 000 jobs were created – 8 500 (11. 6%) were direct jobs and 64 500 (88. 3%) construction and indirect jobs (the dti, 2014). Between the 2002/03 and 2013/14 financial years, the dti spent a total of R6. 9 billion in the four operational IDZs, namely the Coega IDZ, East London IDZ (ELIDZ), Richards Bay IDZ (RBIDZ) and the Saldanha Bay IDZ (SBIDZ).

These funds were for infrastructure and operational expenditure needed for effective operations and investment attraction. Coega received 67%, ELIDZ 22%, RBIDZ 7% and SBIDZ 3% of these funds (the dti, 2014). In terms of occupation rates, the uptake of land in the IDZs has been slow, with Coega IDZ having 35% land occupied, ELIDZ 31% and RBIDZ 35%. Export sales from the IDZs have been far below expectation over the same period (2002-2012), with export sales by two enterprises located in Coega and one in RBIDZ totaled just more than R2. 7 billion (the dti, 2014). Based on a review of the performance of these IDZs, the South African government agrees that IDZs have not delivered on expected results, with low investment levels, not enough jobs created and simple relocation of businesses (the dti, 2014).

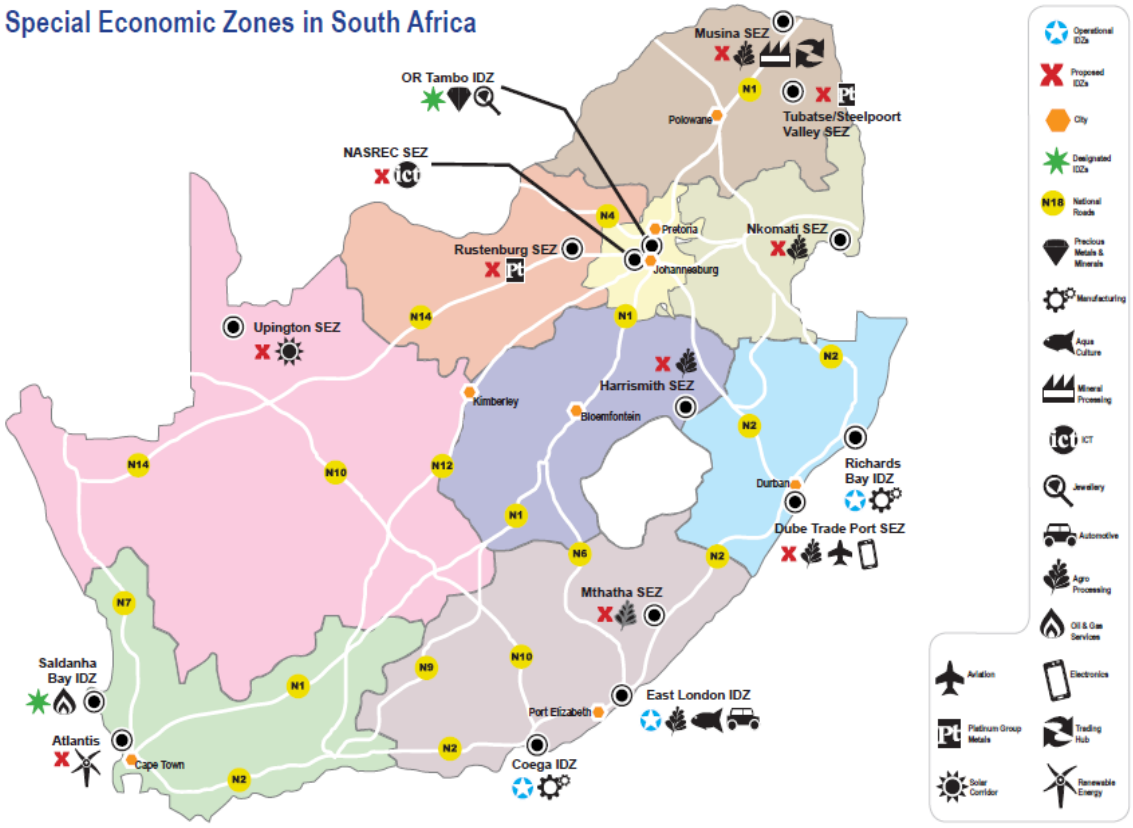
The main problems with IDZs were a weak policy and legislative framework; poor institutional and governance arrangements; ad hoc funding arrangements that render long-term planning in the IDZ impossible; the lack of IDZ specific incentives; the lack of targeted investment promotion; the lack of programme definition and strategic direction; and poor coordination and integration. These issues have led to the poor performance of the country's IDZs (the dti, 2012). Remedies for this poor performance take the form of a more rigorous and streamlined processes, developed to ensure a smooth implementation process with the new SEZ Act. The 2013/14 financial year also marked a transition process for the IDZ funding model to an SEZ model, in which improved cooperative governance is being introduced. Provincial and local governments are positioned as the licensee holders and asset managers

which are responsible for the operational expenses of the SEZs. It is also likely that the five existing IDZs will become SEZs (the dti, 2012).

In addition to needing to improve IDZs, there are a number of reasons for the dti to promote the SEZ concept. First, SEZs target broader regional development and not only the establishment of industrial zones at ports or airports. Second, SEZs are also internationally recognised as a tool for industrial development with examples and lessons from international best practice (the dti, 2012). The objectives of SEZs, as outlined in the SEZ Act, include facilitating the creation of an industrial complex with strategic national economic advantage; attracting foreign and domestic direct investment; enabling the beneficiation of mineral and natural resources; promoting the integration with local industry (through clustering) and increasing value added production; creating decent work and other economic and social benefits in the region in which they are located; broadening economic participation by promoting small, medium and micro enterprises (SMMEs) and co-operatives; and promoting skills and technology transfer (the dti, 2012).

Furthermore, two overarching principles guide the formation of new SEZs in the country: regional integration and customisation. Regional integration is promoted through the creation of backward and forward linkages with the regional economy. Customisation is achieved by having different types of SEZ, which include free ports, free trade zones, industrial development zones, and sector development in SEZs. The variety of SEZs allow for targeted support for industrial development appropriate for the area of designation and the sectors chosen, which is a more flexible model that the IDZs. Figure 1 indicates the geographic location of existing IDZs and proposed SEZs.

**Figure 1: Location of potential SEZs and existing IDZs**




*Source: (ERLN, 2014)*

SEZs benefit from specific incentives: a reduced corporate tax of 15%; a building tax allowance; an employment tax incentive; and other tax allowances. SEZs also are duty free Customs Controlled Areas with VAT exemption. Enhanced funding is moreover made available through a dedicated SEZ Fund and public-private partnership (PPP) arrangements. The provisions include bulk infrastructure, support for skills and supplier development to local businesses. Most importantly, a one-stop-shop model is at the centre of the SEZ policy, promoting a single point of contact to reduce bureaucracy, simplify government approvals and applications processes, and provide investor after-care services. The successful implementation of an SEZ is often measured by the investments it attracts, the new businesses created and jobs resulting from these. Additional factors of success should include the level of institutional capacity and coordination to ensure the long-term sustainability of the SEZ and ultimately development outcomes from the SEZ, particularly as it relates to the plans and vision for the region.

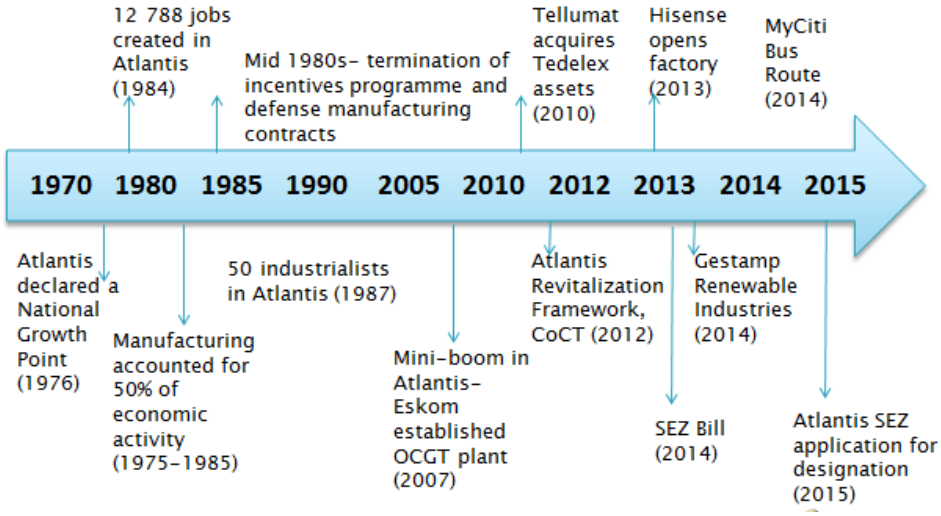
The dti (2015) reports that the implementation of the SEZ legislation is at an advanced stage and that cluster investors with an investment value of more than R100 billion have made non-binding commitments to locate into proposed SEZs. Pipeline investors for the SEZs include metallurgical investments of R36 billion in Musina (Limpopo); a US$5 billion (R70 billion) investment for a steel plant in Middelburg (Mpumalanga) or Richards Bay (KwaZulu-Natal)); US$100 million (R1. 4 billion) for fuel cells in Ekhuruleni (Gauteng); R800 million for aircraft maintenance and repair in Upington (Northern Cape); and R8 billion for the construction of a rail-based container, auto value chain, medical equipment, manufacturing of a new jet aircraft, agro-processing, gas electricity generation, logistics and oil blending, and related sectors for the already designated Maluti-a-Phusong (Free State) (the dti, 2015).

# 3. Rationale for selecting Atlantis for developing a SEZ

Atlantis is an industrial town 40km north of Cape Town which was historically developed for weapons manufacturing and heavy industry from the 1970s-1990s. It is part of the City of Cape Town (CoCT) metropolitan municipality and as of 2011 is home to 67 491 residents. According to the 2011 Census, the demographic of Atlantis is 85% Coloured, 12.9% Black African, 0.4% Indian/Asian, 0.1% white and 1.6% other. A total of 79.5% of Atlantis residents are Afrikaans speaking, 9.4% English, 7.7% Xhosa and 3.4% other. The significance of developing the Atlantis SEZ relates not only to its potential as a greentech hub, but also to its historical spatial disconnect from the City of Cape Town and the Western Cape region. It was also a place of racial segregation under the Group Areas Act, created specifically for the coloured community. With industrial incentive support from government in the 1980s, about 50 industrialists in Atlantis were employing people drawn from nearly 8 000 households. These incentives were withdrawn in the 1990s and Atlantis suffered economic decline. It is characterised today by low employment, and by implication high unemployment (only 73% of the total working age population is employed) and social problems (in addition to poverty, drug abuse and a predominance of gangs are present in Atlantis) (Census, 2011).

The timeline in Figure 2 captures some of the key developments in Atlantis from the 1970s until 2015, showing the peak of manufacturing performance in the 1980s. The timeline shows some of the large divestments (Tedelex) and investments (Hisense and GRI) in the area.

**Figure 2: Timeline of developments in Atlantis: 1970s-2015**




*Source: Adapted from the Atlantis SEZ prefeasibility study, Deloitte 2014*

A number of large manufacturers, such as the Atlantis Foundries, remain in Atlantis. New businesses, such as the Hisense electronics factory established in 2013, have created an additional 300 jobs. Initiatives, such as the Atlantis Revitalisation Framework, the greentech hub and the SEZ designation, are focused on reviving industry in the region and finding better ways of connecting Atlantis within the Western Cape region. In addition, a SEZ in Atlantis would form part of an existing, serviced industrial area with most of the overarching spatial requirements for the initiative already in place. With the spatial planning for Atlantis, a broad range of provincial and municipal policies and planning frameworks support the focus and spatial location of the proposed Atlantis SEZ. These include, among others, the provincial government infrastructure framework and economic framework; city spatial planning and development plans; and the targeted Revitalization Framework and SEZ application. These are summarised in Appendix B.

The rationale for positioning Atlantis as a greentech hub is based on four key points. The first is that there is sufficient market demand to sustain a small-scale greentech sector, based mainly on the development of the renewable energy sector of South Africa. There are also significant job creation opportunities in other green economy sectors, such as the waste sector, for the Atlantis area. Second, the economic fundamentals for greentech in Atlantis are in place. These relate not only to the demand factors for greentech but the opportunity for green manufacturers to become suppliers to the greentech sector.

There is sufficient available land in the area for the new businesses to be established. Most of the land is already industrially zoned and two sites have been prepared by the City of Cape Town specifically for greentech companies. Third, a large source of labour for manufacturing industries resides in and around the Atlantis industrial area. Lastly, the location of Atlantis is strategic, near to industrial freight centres within the Cape Town metropolitan area and well integrated with regional freight movement networks. Situated near the Cape Town Central Business District, Atlantis is also 76km south of Saldanha port and lies between two major roads, the N7 route to Namibia and the R27 West Coast road.

Atlantis has already begun to gain traction in the renewable energy space with its first large investor established in 2014. GRI Renewable Industries, a Spanish wind tower manufacturer, purchased a 7ha site from the City of Cape Town to develop a R300 million manufacturing facility. The investment was the result of collaboration among investment promotion agencies, a development agency and national, local and provincial government. The process to acquire this land also set Atlantis above other prospective sites such as locating in Saldanha. As an anchor tenant in the greentech hub, GRI manufactures wind towers, supplying projects in the REIPPP and has created 220 jobs. Under conservative estimates, the SEZ could attract 12 firms in its first three years and eight more in the following years, securing investments of over R500 million from foreign and domestic investors. These types of investments and support to domestic business and SMMEs will result in ASEZ creating between 1 060 and 1 440 jobs in the short to medium term. The SEZ instrument serves as a coordinating tool for attracting investment and supporting industrial development through a focus on manufacturing for the greentech sector.

Preparations for establishing Atlantis as an SEZ have involved extensive prefeasibility and feasibility studies commissioned by the dti. The application for designation was developed by the sector development agency and ASEZ project office, GreenCape, in partnership with the Western Cape Government and the application for designation was submitted by the provincial government in September 2015. In addition to the feasibility studies, GreenCape commissioned additional economic research (particularly on understanding job creation potential and associated costs) and has initiated a number of green sector related projects in and around Atlantis and province wide that would further inform and support the development of the SEZ (Mulcahy and Rice, 2015).

The SEZ brings an incentive structure and industrial support system for focussed investment and development of greentech in Atlantis; and serves as a focal point for attracting specific greentech manufacturers to the region. Establishing a SEZ also provides the necessary expertise and support for businesses seeking to establish themselves in Atlantis, ultimately connecting the region to the economy. There is one other green SEZ considered for the country. This SEZ would be for the solar industry and located in Upington in the Northern Cape Province, where most of the solar REIPPPP projects have been awarded. This study does not compare the developments of the Upington SEZ. Further research to compare the SEZ planning and implementation of this SEZ would be valuable for the greentech and renewable energy industries of the country.

# 4. The lessons learnt in preparing Atlantis for SEZ designation

Based on the rationale for establishing a SEZ in Atlantis, a number of lessons can be learnt from the approach taken to its development. This paper highlights the unique features of the experience in Atlantis and reflects on the key factors of success for SEZs; as well as the innovations that characterise the ASEZ.

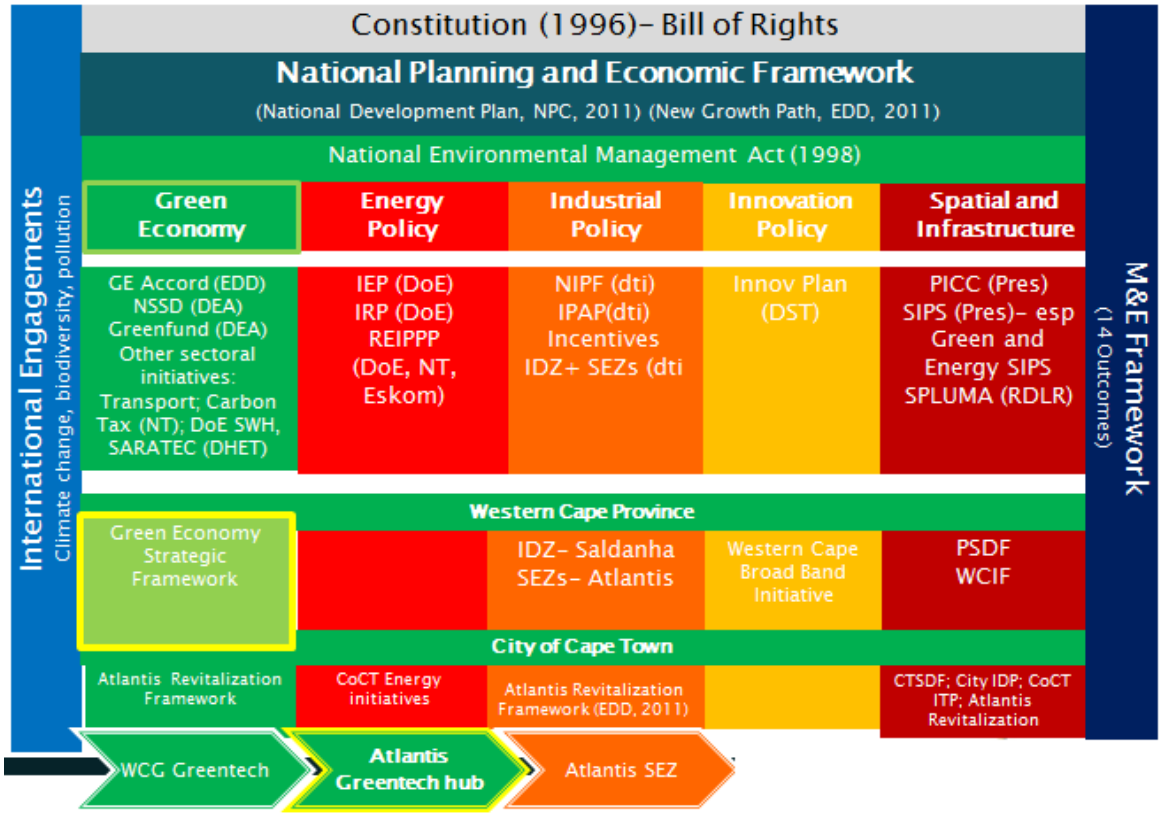
The lessons discussed in this paper reflect on a set of basic criteria that should be met for successful regional development using SEZs. These criteria are not exhaustive but provides a framework for SEZs in South Africa. Based on the policy development of these zones (the dti, 2012) and the need to deepen regional development, the criteria for SEZs includes, among others, sound market fundamentals (ie. sufficient demand and supply for the proposed product of the SEZ), adequate infrastructure, the potential to create jobs, strong capacity to deliver the offering of the SEZ and the necessary governance structure to run the SEZ. Ultimately a successful SEZ will attract investments and productive firms, resulting in economic growth and job creation as key indicators of success in an SEZ. In the case of the Atlantis SEZ, the lessons explored demonstrate how the ASEZ meets these basic criteria. In many instances a number of innovations around these criteria are also evident.

### 4. 1 Policy alignment and a focused green economy strategy at provincial level

Where there is policy alignment (particularly with industrial and economic policy) of activities proposed for an SEZ, broader support for developing the region is likely, based on its linkage to these policies and priorities. This lesson highlights the alignment of Atlantis's strategy for greentech development with a number of national and sectoral policies, which include national development and economic policies (the National Development Plan (NDP) and the New Growth Path (NGP)), green economy objectives, energy policy and industrial development, as well as spatial and development policies for Atlantis. Details of the relevant policies for Atlantis and the green SEZ are captured in Annex A.

There is a unique convergence of relevant policy spheres in the case of Atlantis, summarised in Figure 3. The main innovation within the policy context has been the linkage between national green economy policy, provincial strategy and the decision to promote Atlantis as a greentech hub. This is captured in the green economy strategy developed at a provincial level – known as the Green is Smart strategy for the Western Cape (WCG, 2013) – which is identified as the main driver for greentech in Atlantis. Such a strategy is a useful tool for provincial advancement of the green economy and could potentially be replicated by other provinces, as is the case in Gauteng and Kwazulu-Natal, which have both developed provincial green economy strategies. For regional development in particular, the role of policy alignment is important in providing a broader vision and development framework for the area. In Atlantis, this green economy alignment lends itself to a longer-term vision for the region, which strengthens the rationale for targeting greentech manufacturers to locate to the industrial area.

**Figure 3: The convergence of policy relevant to developments in Atlantis**




*Source: Author, 2015*

The innovation in this context is the strategic approach by the provincial government to unlocking green economy opportunities in the region through its Green is Smart strategic framework (WCG, 2013). The green strategy of the province was used to identify Atlantis as a place to advance a greentech hub. The strategy has provided the vision and direction for the green economy in the Western Cape, and also gives the necessary institutional support and capacity to implement the plans for the green economy in the region. Having a targeted focus on the green economy, aligned to both national and regional policies, further enforces the rationale to develop programmes and activities that capture the green opportunities in the region. The SEZ for Atlantis thus builds on this policy alignment and deepens the industrial development aspects of the greentech aspirations for Atlantis.

### 4. 2 Institutional arrangements: significant agency by development players

Strong institutions and collaboration and partnerships among the institutions for an SEZ are vital for both its establishment and its sustainability. Without the appropriate skills, capacity and networks to drive the vision and strategy for a SEZ, unlocking the industrial and economic opportunities of a region would be particularly challenging. While the economic/market case for developing a SEZ is fundamental to positioning such a zone, the institutional arrangements are also a key ingredient for realising its potential.

The institutional developments for the Atlantis SEZ provide a compelling example of success in establishing the right institutions and partnerships. In this lesson, the role of sector development agency, GreenCape, is highlighted as the main driver of developments for both the greentech hub and the Atlantis SEZ. Significant agency (and capacity to drive projects) is demonstrated in the role

GreenCape has played both in the SEZ preparation and the green economy agenda for the province. In this section, one project in particular, namely WISP, should be considered the agency's greatest innovation; and is already being replicated in other regions such as Gauteng and Kwazulu-Natal. The strength of the institutional capacity and its partnerships to deliver on a SEZ model is very important for ASEZ. These partnerships and programmes will strengthen the regional impact of developments in Atlantis. And through the SEZ, there is a mechanism for focusing activities and prioritising the green economy support to manufacturers in Atlantis.

The main institutional players in Atlantis are the provincial government (Western Cape Government, WGC), the municipality (CoCT), the investment promotion agency, Wesgro, the Atlantis Investment Facilitation Office (the investment promotion arm of the City located in the heart of industrial Atlantis), and the sector development agency, GreenCape. Entities operating in Atlantis include businesses and business associates as well as business incubators. Academia and training institutions include the University of Cape Town (UCT), the Cape Peninsula University of Technology (CPUT) and other training colleges as well as the newly established South African Renewable Energy Technical Centre (SARETEC). In addition, there are civil society organisations and NGOs (such as the WWF) that are included in the broader partnership network of GreenCape, whose work is relevant for the Atlantis SEZ. Furthermore, the dti has also provided support in developing feasibility studies and preparation work for designating the Atlantis SEZ. This lesson looks at the contribution of the institutions in promoting greentech in Atlantis and looks at their operation in the proposed SEZ. Figure 4 captures these key players for the SEZ.

**Figure 4: Institutional arrangements**


*Source: Author, 2015*

The provincial (WCG) and municipal government entities (CoCT) have created the enabling environment and support for attracting significant investment into Atlantis. The provincial and local governments have also had a role in the SEZ designation, and have been key in developing and promoting the SEZ application. The process that GreenCape has initiated for Atlantis to be designated as an SEZ was to develop a case for the designation, gain approval from the WCG and CoCT, apply for designation and then create an entity to run the SEZ (Mulcahy and Rice, 2015). In establishing the case for SEZ designation, a prefeasibility and feasibility study as well as a business plan were developed for the Atlantis SEZ. The approval from provincial and local authorities was gained through a Western Cape Government cabinet endorsement of the findings of the feasibility study and a City of Cape Town council resolution to support the initiative. This was followed by the Western Cape Government submitting the application for designation to the Minster of Trade and Industry in September 2015. The evaluation stage of the application is scheduled to take six months. In the meantime, GreenCape has initiated the consultation and investigation into understanding the most appropriate entity for the SEZ management.

In addition to government (national and provincial) advancing the SEZ programme, investment promotion agencies play a role in facilitating investment deals into Atlantis. These institutions include the Atlantis Investment Facilitation Office, which forms part of the City of Cape Town, as well as the larger investment promotion agencies, Wesgro and Trade and Investment South Africa (TISA) (a branch of the dti). The GRI investment (Kolver, 2014) was the result of a major collaborative effort by GreenCape, the City of Cape Town, TISA and the Western Cape Government (Deloitte, 2014). The role of the development agency reflects the operation the proposed one-stop-shop model required for the SEZ (the dti, 2012), and has already demonstrated an ability to attract investors, in its involvement with the GRI investment and also in its role in attracting other manufacturers such as SMA Solar Technology and Jinko Solar (Deloitte, 2014).

Bringing new greentech business to Atlantis is the fundamental rationale for the SEZ. However, effort needs to be made to retain and grow businesses in Atlantis, which encompasses both long-standing legacy businesses and newer entrants. They include large industry such as the Atlantis Foundries, Wheatbix, Hisense (established in 2013) and other manufacturers. A study was conducted as part of the feasibility study to understand existing businesses and new business demand in Atlantis (Deloitte, 2014). This topic is explored in more detail in Section 4. 4. Industrial businesses are the lifeblood of Atlantis and form the backbone of developments in the area. These businesses are represented by associations, such as the Atlantis Industrial Initiative, Business Western Cape, Black Management Forum, and the Cape Chamber of Commerce.

In Atlantis, small and medium businesses are also an integral part of creating targeted industrial clusters and value chains. In and around Atlantis, SMMEs are supported by incubators, such as SAREBI (South African Renewable Energy Business Incubator). SAREBI, funded by the CoCT and the dti through the Small Enterprise Development Agency (SEDA), provides business support, facilitation of access to markets, and access to finance for SMMEs in the renewable energy sector. It identifies candidates for incubation and successful candidates are located within the SAREBI facilities, on site in Atlantis, to grow and support their businesses. It is envisaged that SAREBI will be a feeder for both upstream and downstream opportunities in the Atlantis SEZ.

While supporting businesses to grow and thrive in Atlantis, there is also a great need to address skills development as part of the ASEZ development. Organisations that play an important role in promoting skills development are the FET colleges and other institutions such as the University of Cape Town, the

Cape Peninsula University of Technology, the Stellenbosch University and SARETEC. GreenCape has undertaken a high-level skills audit of Atlantis which is discussed in more detail in Section 4. 5. In addition; NGOs such as WWF-South Africa have also provided support to the developments in Atlantis, particularly to GreenCape.

One of the unique features in the institutional landscape of the development of the SEZ for Atlantis is the role of GreenCape. It was established as a non-profit company and sector development agency in November 2010 by the Western Cape Provincial Government and the City of Cape Town. Its mandate is to unlock the manufacturing and employment potential in the green economy of the Western Cape. It then became the project management office for the application for the designation of Atlantis. GreenCape has been the driving agent of the activities to coordinate the application for Atlantis to be designated as a SEZ, serving as a single contact point for investors. It has also set up a number of projects and supporting strategies beyond the SEZ, facilitating skills development and collaboration among firms, providing energy management services and many other sector specific support programmes in energy, waste and water. In Atlantis in particular, GreenCape has worked with the existing Atlantis Industrial Initiative to understand the major concerns facing business. For the purpose of regional development, the role of such an agency should not be underestimated. Capacitated to work in many areas of the green economy, the GreenCape team has delivered projects across a number of areas. One of the most successful programmes of GreenCape is WISP. The industrial symbiosis programme uses a unique methodology to establish matches between companies' resources and their needs, with waste products understood to be resources. Industrial symbiosis is the sharing of services, utility, and by-product resources among industries in order to add value, reduce costs and improve the environment.

In the context of Atlantis and the SEZ development, a programme of this nature is precisely the type of tool that deepens understanding and collaboration among firms, unpacking their resource use and maximising the efficiencies for firms through a novel approach that transforms one company's waste into another company's resource. In the WISP session focused on Atlantis in 2015, 35 companies participated and 194 resources were discussed with 561 matches and potential synergies emerging. About 77 companies have been identified in the Atlantis area, with 36 now signed up to the WISP project (Mulcahy and Rice, 2015).

Between 2012-2015 the WISP success included landfill diversion of roughly 803 tonnes, saving a total value of R5.2 million and created additional revenue of R4.3 million. The $CO_2$ emissions saving from WISP stands at 3 000 tonnes; and overall the project created 12 permanent jobs, 14 temporary jobs, five indirect as well as five induced jobs – notably one of the most cost-effective programmes for creating jobs in the economy. This project is a real innovation, creating value for companies. In 2015, WISP was nominated for a Circular Economy award at the World Economic Forum in Davos. It is certainly one of the most replicable projects across the country and is particularly useful for green industrial development (Mulcahy and Rice, 2015).

This lesson demonstrates the role and contribution of various stakeholders in promoting green economy activities in and around Atlantis. The green economy is also an emerging concept in South Africa with great potential for new businesses to be created. In terms of regional development, this is a reason for the SEZ in Atlantis to serve as a coordinating and supporting mechanism to develop these nascent industries. The SEZ offers the potential to transform existing business in the area with the potential to produce goods and services for the greentech sector as well. In the case of Atlantis, the advantage of a sector development agency is its ability to provide specialist skill and knowledge to support greentech

developments. The primary focus of SEZ designation is around creating an enabling environment for these businesses. A factor in coordinating and unlocking the market potential for a region lies in the institutional arrangements enabling this. In the case of Atlantis, this is a benefit brought by the sector development agency, GreenCape. The role of a focused agency supporting businesses in the SEZ is the function of the one-stop-shop model that GreenCape is already demonstrated in its ability to attract large investors such as GRI to Atlantis. The role of such agencies in supporting designation is replicable in different areas, depending on the planned SEZ and the requirements. The benefit of an existing agency is the track record and experience in assisting a sector and the institutional capacity in delivering projects to support the SEZ.

### 4. 3 Market dynamics: sufficient demand for renewable energy through national policy

A crucial factor in the success of a SEZ and the fundamental starting point for designation is the determination of sufficient market demand for the development of a sector or cluster such as the greentech ambitions for Atlantis. The REIPPPP in particular has shaped market demand in the renewable energy sector in South Africa. Since 2011, the programme has introduced 92 independent power producers (IPPs) which will contribute in excess of 6,327 MW of renewable energy to the Eskom grid (DoE, 2015). In additional there have been ministerial determinations for renewable energy procurement. Three Ministerial Determinations for the procurement of 3,725MW by 2016, 3,200MW by 2020 and 6,300MW by 2025 have been issued. And the allocated quantities derived from the Integrated Resource Plan (IRP) 2010-2030 target of 17,800MW new generation capacity set aside for renewables (DoE, 2015). Manufacturing for this renewable energy sector will be an important industrial development focus related to the REIPPP, which is driven by programme requirements for local content. The wind energy sector in particular is a focus for the Atlantis SEZ due to its proximity to wind project sites in the region. With a second green SEZ considered for solar technologies in the Northern Cape (the dti, 2015), the SEZ instrument is an important tool for supporting the industrial development of the renewable energy and green tech sectors.

The market potential for greentech in Atlantis is sufficient to warrant the designation of an SEZ to attract investors and develop the domestic industry (Deloitte, 2014). The SEZ will function as a coordinating mechanism for these greentech development efforts, providing tangible incentives to attract investors. The market fundamentals for the renewable energy sector have been driven at a national level by the REIPPPP. The REIPPPP established the certainty in the market, both in the allocation of renewable energy generation capacity as well as the financial backing by National Treasury in Eskom's deal to procure energy from IPPs (Montmasson-Clair and Ryan, 2014). The innovation of the REIPPP for South Africa is that it holds the potential to unlock and promote the local renewable energy market. It could even be replicated for other public-private-partnerships (PPPs) in the country, and is being considered as part of procurement for gas in South Africa (DoE, 2015). The SEZ thus leverages and deepens the positive impact of the renewable energy procurement programme by embedding the procurement of renewable energy goods (the wind towers in particular) from local manufacturers.

Plans to promote greentech in the Western Cape started as early as 2010/2011 with the Western Cape Government Department of Economic Development and Tourism beginning to develop plans to establish a clean technology manufacturing hub in Atlantis. This was sparked by the local procurement requirements associated with the REIPPPP. The national policy directing the allocation of renewable energy in the country's electricity mix and the procurement programme for renewable energy have been vital to unlocking sufficient demand for renewable energy technologies in South Africa. Most of the current opportunities lie within the REIPPP. Additional renewable energy determinations by the

minister and plans for new build project in renewables will be key to continuing the demand for renewable energy in the country.

The most relevant renewable sector for Atlantis (due to its proximity to REIPPPP project sites) is the wind industry (Deloitte, 2014). The potential to manufacture for the wind industry and localise manufacturing has been explored by the dti in the 2014 wind localisation roadmap (Urban-Econ, 2015). Other opportunities for production in the greentech space include wind blade and tower manufactures, photovoltaic manufacturers, inverter manufactures and smart meter manufacturers (Deloitte, 2014). Estimates of market size for the green economy in the Western Cape stand at R4 billion by 2019 across energy and waste sectors, such as large-scale renewable energy utilities, waste recycling and energy efficiency. Utility scale renewable energy, predominantly development, installation, operations and maintenance, constitutes more than half the market size for these opportunities. In contrast, job opportunities estimates are around 6 300, with over 4 000 of these specifically in the waste sector. The greatest growth potential nevertheless lies in the renewable energy sector. The five-year forecast between 2014 and 2019 estimates opportunities to grow to a potential market size of R20 billion. The other sectors that also show growth potential are the energy efficiency market, built environment, recycling and biofuels. The other job opportunities for the same period would be 18 600, with up to 6 000 potential jobs in the waste recycling sector. (Deloitte, 2014)

The market dynamics for an industry and the considerations for industrial development in a region go hand in hand. A clear business case for greentech in Atlantis is a requirement for designation. It will be important that continued market and economic research be conducted to support developments in the region. Through the SEZ, this type of research and analysis will continue and be used to target the right companies for the ASEZ. This type of support and ongoing market research is replicable and necessary across proposed SEZs in various sectors.

### 4. 4 Attracting investors: the City creating an enabling environment

Sufficient market demand and sound market dynamics are the prerequisite for attracting the right investors into a SEZ. Without the additional incentives that the SEZ offers, the factors that make Atlantis attractive to investors are related to the sites and infrastructure of the industrial area as well as its strategic location and its large labour market. The SEZ designation will bring additional tax incentives and support to businesses in Atlantis.

There are also other incentives in place both nationally and locally. The City of Cape Town provides financial and non-financial incentives and a set of the dti's incentives (Manufacturing Competitiveness Enhancement Programme (MCEP), 12I and 12L) also apply to green manufacturing.

The main innovation in this lesson is the City of Cape Town's role in promoting the ease of doing business by ensuring the development readiness of sites earmarked for greentech companies in Atlantis. This process has been accomplished within the bounds of the interpretation of the Municipal Finance Management Act No. 56 of 2003. The collaboration and prioritisation of the ease of doing business is a lesson replicable in many other SEZs, and is one way of fast-tracking applications and procedures for businesses to start operation.

In December 2011, the CoCT Council approved a land release procedure to promote greentech in Atlantis, which entailed the allocation of land for release through an accelerated land disposal process (Deloitte, 2014). Two vacant portions of undeveloped land (approximately 29ha and 38ha respectively) within the existing Atlantis industrial area were allocated by the City for this fast-tracked land disposal process. The environmental impact assessments for these parcels of land have also been conducted and

approved. The availability of this land was a key determinant in the success of attracting one of the first large greentech investors to Atlantis (Mulcahy and Rice, 2015). In comparison to several potential development sites, the accelerated land disposal policy raised Atlantis's overall attractiveness for GRI in particular. The Spanish wind tower manufacturer purchased 7. 8 ha from the City for the development of a 17 000 m2 facility. The company applied to purchase the land in December 2013, broke ground in February 2014 and launched full operations in November 2014. With the capacity to produce 150 standard steel masts per year, the company has created 220 jobs and is producing wind towers for projects of the REIPPPP (Creamer, 2014).

Much of the proposed space for the Atlantis SEZ is already zoned for industrial purposes. It is also serviced and has links to major roads. Since Atlantis was originally designed and planned for industrial purposes, the land use provisions and infrastructure are well suited for industrial development. The full extent of the serviced industrial area in Atlantis is four million $m^2$ with adequate bulk infrastructure. According to feasibility studies for the SEZ (Deloitte, 2014), this includes bulk water, waste water and storm water infrastructure. The regional landfill sites also cater for a range of waste classifications and are located near Atlantis. In terms of electricity availability, the two sites identified have 4 MVA electricity available, connect to the national grid, sufficient for the 2014-2017 period. If these sites are taken up by manufacturers, between 2018-2030 an additional 1 MVA upgrade would have to be added to the electricity supply, which is catered for in the City budget of R80 million for electricity upgrading in the long term 2018-2030 (Deloitte, 2014). There are also opportunities for gas-to-power projects in and around Atlantis. A site opposite the Ankerlig Power Station, an open cycle gas turbine plant, is currently earmarked for the conversion of this diesel-based power generator to gas (1500 MW). If this conversion is done, it will provide a more competitively priced electricity for the region and it will diversify the energy mix for Atlantis and surrounds (Mulcahy and Rice, 2015).

In addition to its industrial infrastructure, Atlantis is ideally located near the industrial freight centre of the Cape Town metropolitan area and linked to the freight movement networks. Improvements to road infrastructure for heavier loads will be required costing around R8 million (Deloitte, 2014).

In collaboration with investment promotion institutions such as Wesgro and TISA, GreenCape has developed a pipeline of potential investors. One of the efforts to support the pipeline development has been the dti's willingness to issue letters of support to potential investors prior to the SEZ designation to commit to ensuring incentives for these companies, for such entities to benefit from the SEZ when it is established in Atlantis. Establishing a SEZ for Atlantis will provide the necessary incentives and support structure to realise this pipeline. The innovation in establishing ready-made sites is a very important activity that aligns investor requirements with regional authorities' ability to ensure the ease of doing business. A SEZ ultimately builds on these types of efforts.

Other opportunities identified for Atlantis and surrounds include supporting other manufacturing clusters, while maintaining a focusing on manufacturing for green economy. The SEZ could also be designated more broadly spatially to include the West Coast economic growth corridor and developments related to natural gas supply and the gas-to-power project for the ASEZ (Boschoff, 2015).

This lesson demonstrates the importance of creating an enabling environment for investors, not only through financial incentives but also by ensuring the ease of doing business and investments support. In the case of Atlantis, the spatial aspects of Atlantis were already advantageous. The innovation brought in terms of land disposal is significant as it is a factor attracting further investment. As a tool for industrial development, this ability to attract investors through the SEZ model is important and serves as a key factor in promoting regional development.

### 4. 5 Socio-economic development: skills development

One of the key factors affecting the competitiveness of SEZs is the availability of a skilled work force. In its report on SEZ development, the Centre for Development and Enterprise (CDE) comments that a large factor of success lies in the economic fundamental which includes the labour market, arguing that "the rest of the economy has to work" (CDE, 2012). Efforts by GreenCape to promote skills development have resulted in the triple helix (academia/university-industry-government) collaboration in the Western Cape to conduct a skills audit in Atlantis. In addition, the establishment of SARETEC will also advance the skills development of the renewable energy sector in the country. The positioning of SEZs near supporting training and academic institutions is vital in gaining the required support for skills development in a region, especially for an emerging sector such as green technologies. It should be a careful consideration in the geographic designation of SEZs. The innovative tool of a skills audit can be very useful in informing the skills development plan for regional development in and around the SEZ and is thus a tool not only for industrial development but also for social development. The issue of skills development and the supporting environment are two major points of weakness in many other SEZs under consideration (Cova Advisory, 2014).

The socio-economic profile of Atlantis is unlike that of other South African places. It displays an advanced level of infrastructural progress and boasts the availability of a large labour force. Only 28. 5% of adults above the age of 20 in Atlantis had, however, achieved their matric (finished schooling) by 2011. A further 4% had gone on to accumulate any other formal education. Furthermore, employment of the working age population is only 73% (Census, 2013).

The Atlantis SEZ Project office worked with the Atlantis Industrial Initiative to better understand the challenges faced by local businesses, particularly with labour related issues. Among the many challenges Atlantis faces is the challenge of maintaining a work-ready and appropriately skilled work force to support industrial development. Since the renewable energy sector is also a relatively new industry, even globally, the skillsets required are still niche. To support the development of the renewable energy sector in the country, the South African Renewable Energy Technology Centre has been established at CPUT. It represents a significant investment of R105 million by the Department of Higher Education and Training. The ASEZ Project Office has also sought to establish partnerships with tertiary institutions and training colleges in the region. These include the Stellenbosch University's Centre for Renewable and Sustainable Energy Studies and the UCT's Energy Research Centre. At both of these tertiary institutions, there is a focus/specialisation in greentech research and the training of highly skilled greentech engineers and technicians and researchers. West Coast FET colleges form part of this broader network too. Lastly, GreenCape is the first African member of the International Cleantech Cluster Network. This network of the world's leading cleantech clusters.

A skills audit is valuable for the regional development of Atlantis. Many of the incentives and support structures are focused on businesses in the area but the broader socio-economic development aspect of the SEZ and its proposed offering to the region are just as important. One of the ways in which the ASEZ will strengthen the sustainable development of the greentech sector is through a strategic approach to skills development, based on a thorough assessment of the existing skills base. This lesson is certainly replicable in other regions and should not be overlooked in considering the broader industry requirements for developing sectors.

# 5. Conclusion: Reflecting on lessons from the development approach in Atlantis

Two of the 10 proposed SEZs for South Africa are green SEZs that will largely support manufacturing in the renewable energy sector. This paper has explored the developments of one of these SEZs and looked in particular at the innovations in the approach to regional development in Atlantis.

There are a number of benefits that SEZ designation brings to regional development in and around Atlantis. The first is the coordination of current greentech ambitions around a longer-term incentive programme. The SEZ will enable broader support to both existing and new industries in Atlantis. The incentives and structure of the SEZ provides an overarching framework for longer term strategy and support to this greentech hub. Lastly, the skills development component associated with the SEZ will further strengthen and ensure the sustainable development of the zone.

SEZ instrument is a tool for industrial development that will serve as a coordinating mechanism, enhancing the greentech ambitions of Atlantis. This instrument on its own however is not sufficient to ensure sustainable and lasting regional development. From the case study, it is clear that national policy on both the renewable energy sector and the green economy have been drivers of the broader market dynamics to support industrial development for greentech in the region. There are a number of reasons why the Atlantis SEZ is likely to succeed, based on sufficient greentech market demand, location and the existing infrastructure of Atlantis and its ability to attract significant manufacturing investments such as GRI. The lessons discussed reflect on initiatives at various levels of government, and are relevant and replicable in other SEZs.

The innovations in the case of the ASEZ were driven at various levels, from national policy to partnerships amongst stakeholders, to specific programmes designed to support businesses in Atlantis. In many instances, the innovations are certainly replicable for other SEZs.

In summary, the five key lessons in the case of Atlantis are:

(1) At provincial level, the Green Economy strategy of the Western Cape Government serves as a strong strategic planning tool to implement policies and projects to promote the green economy. It established the rationale for greentech in Atlantis and provided the necessary linkage between the national green economy agenda and the regional development approach for greentech. Replicable in all provinces, such a green economy strategy must be based on market research and allow for an integrated approach to green economy projects.

(2) Institutionally, the support for development of both green manufacturing and a green SEZ were driven by a competent and proactive agency and partnerships. Identifying the right organisation to develop and support SEZ designation must consider the capabilities, expertise and existing relationships held by such entities.

(3) The economics and the business case of the industries supported in an industrial cluster are the backbone of any SEZ designation. Understanding the market for green industries and assessing the market size and opportunities for greentech provided the rationale for promoting the manufacturing of greentech in the region.

(4) Attracting investors is not simply a case of financial incentives but understanding how to create an enabling environment and working with the private sector in collaborative partnerships represents.

(5) SEZs need the appropriate labour and skills to support industrial development. In the green SEZs, in particular, the triple helix collaboration to establish training institutions to match the skills needs is a vital part of ensuring the long-term sustainability of industrial development.

Based on the lessons from Atlantis and the role of SEZ designation for the region, this paper has explored some key criteria and innovations for regional development linked to the SEZ policy tool. As an enhancement of the IDZ instrument, the SEZ approach is likely to be more focused in terms of sector support as well as financing and governance structures.

As the designation of the ASEZ is still underway, a later assessment will be needed to measure the performance of the SEZ in Atlantis. In addition, the development of the ASEZ has not been contrasted with a detailed study of the proposed solar SEZ in Upington. A better understanding of the similarities and difference in the development of these two green SEZ will deepen the analysis on this type of SEZ development. Recommendations for further work in understanding the development of SEZs in South Africa should focus on exploring the specific markets that these SEZs will be based on. The ultimate objective of the SEZ model is to create regional industrial development spaces that attract competitive businesses. Unpacking the value chains for the products and sectors for selected SEZs and understanding the requirements of the businesses to target for these SEZs is crucial. Furthermore, based on the finding of this study, it is also recommended that various operational models be considered to understand which institutional arrangements and governance structures are best suited to specific types of SEZs and in particular contexts.

The Atlantis case study in preparation of SEZ designation has demonstrated features of industrial readiness and green economy strategy for the region that are unique to Atlantis. There are, however, aspects of the Atlantis case that can be replicated by other SEZs. These include the land disposal process and ability to attract investors to the region, which are founded on institutional collaboration and innovation. Regional development through the SEZ model holds great potential for creating the industrial linkages to promote economic growth and jobs creation and further work is needed to unpack the key requirements and needs in specific regions to fully support the promotion of SEZs.

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# Annex A: Policy alignment of the Green SEZ in Atlantis

| National Green Economy Policy |
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| Enshrined in the Constitution is the right to an environment that is not harmful; which is underpinned by the economy National Environmental Management Act No. 107 of 1998 to promote environmental sustainability. National planning and economic policies include the NDP and economic policy, and the NGP. The Green Economy Accord emerging from the NGP as the overarching economic policy for the transition to a green economy and this is supported by Department of Environmental Affairs' National Sustainable Development Strategy and white paper on climate change response. The Green Fund (managed by the Development Bank of Southern Africa) was also established to support the transition to the green economy and within the green economy framework there are a number of national initiatives across sectors that support the green economy agenda. South Africa's international commitments to reduce emissions and respond to climate change are also captured alongside the green economy policy. |
| **Local Green Economy Policy** |
| Building on the national policies for the green economy, the Western Cape Government has developed its own green economy strategy, which is not limited only to manufacturing, but includes areas such as tourism, as well as resource and ecosystem management. Market research underpins the Smart Green Framework of the green economy strategy to develop the policies and projects and the province has set specific budgets and institutional capacity for green economy work. Designation of Atlantis as an SEZ is viewed as a logical extension to the province's ongoing efforts to position itself as Africa's greentech manufacturing hub, as outlined in a recently published green economy strategy framework. Jenny Cargill, special advisor to the WCG, explains that "the Atlantis SEZ is viewed as a core component in attracting greentech investment into the province. It is also seen as the natural next step in Atlantis' own industrial evolution" (Creamer, 2014). The main objective for the Atlantis SEZ is to grow the greentech sector in the Western Cape and to further the CoCT objectives of revitalizing Atlantis as a key industrial node in the region. |
| **National sector policies related to green ambitions: energy, industrial policy and local support** |
| A number of other national sector policies aligned to and supporting the green economy include energy policy, industrial policy and innovation policy as well elements of spatial development frameworks. In energy policy, the Integrated Resource Plan and procurement of renewable energy through REIPPPP has a significant role to play in introducing renewable and cleaner energy for the country. The IRP allocates of generation capacity independent renewable energy providers in the energy mix and across four bidding rounds has assigned over 5 000 MW of renewable energy to over 77 projects. In April 2015, the Minister of Energy announced an increase in the allocation to renewable energy and announced plans for gas-to-power procurement through another IPP process. In the energy sector, at the local level, mmunicipalities also play a key role in advancing energy efficiency and promoting renewable energy. The City of Cape Town, for example, has pledged to depend on renewable energy for up to 10% of its power needs by 2020. Both at national and local level the targets set for renewable energy generation are key determinants in securing sufficient market for renewables.<br>The industrial policy supporting the green economy, involves support of green industries and other industrial incentives such as the Manufacturing Competitiveness Enhancement Programme (MCEP), 12I and 12 L programmes. The Industrial Policy Action Plan (2015/16) which gives expression to the |

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| National Industrial Policy Framework is the annually updated action plan designed to support key sectors and industries in the country. There are a number of policies and incentives in the context of industrial policy that are relevant for Atlantis, in particular the current policy on special economic zones. |
| **Local economic development policy and spatial planning** |
| In addition, a localised policy push to develop Atlantis as a greentech hub took the form of the Atlantis Revitalization Framework. "In 2011 an intergovernmental technical task team (consisting of representatives of the CoCT, WCG and the national Department of Economic Development) developed a framework to promote the revitalisation of Atlantis. The initiative was in response to a severe socio-economic crisis in the area which had been exacerbated by the recent closure of several factories and loss of almost 900 jobs." Establishing the greentech hub has been part of the City's Atlantis Revitalization Framework and Atlantis has been identified as a focus area in the Cape Town Spatial Development Framework. Establishing a Green Manufacturing Hub forms part of this strategic intent as reflected in the City's recently approved Integrated Development Plan. This is now integrated and part of the green economy strategy broadly. As the support for greentech in Atlantis is also focussed on technology transfer and innovation, the initiative is also linked to the national policy Innovation Plan established by the Department of Science and Technology.<br><br>Lastly, the developments in Atlantis speak to the broader theme of spatial planning, both at a national level and local level, supported by policies and programmes such as the Spatial Infrastructure Programmes and Spatial Land Use and Management Act No. 16 of 2013. The Presidential Infrastructure Coordinating Commission (PICC) was established to integrate and coordinate the long-term infrastructure build programmes across all three spheres of Government. Eighteen Strategic Integrated Projects (SIPs) have been developed and approved to support economic development and address service delivery in the poorest provinces. The SIPs cover a range of economic and social infrastructure. The focus of these SIPS is on localisation, job creation and skills development, research and technology development, stimulating the green economy and empowerment improvement. SIPS that are particularly relevant for the Western Cape and Atlantis include the Energy and Green Economy SIPS. |

*Source: Adapted from the Atlantis SEZ prefeasibility study, Deloitte 2014*

# Appendix B: The spatial and planning context of Atlantis

| Draft Atlantis Revitalization Framework (2012) |
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| The Atlantis Revitalization Framework articulates a constructive and meaningful working relationship where responsibilities between the key stakeholders – government, business, and civil society – active in Atlantis are agreed and shared, so as to enable successful implementation of strategies and actions for the revitalization, growth and development of Atlantis. It is acknowledged that Atlantis is a significant industrial node in the city and regional spatial economy; its long-term economic decline reduces the impact that catalytic developments such as the Saldanha SEZ may have, reducing the region's economic competitiveness and long-term growth trajectory. |
| **The Western Cape Infrastructure Framework** |
| The Western Cape Infrastructure Framework aims to align the planning, delivery and management of infrastructure provided by all stakeholders (national, provincial and local governments, state-owned companies and the private sector) for the period to 2040. The relevance in particular to the ASEZ is that the WCIF entails a future infrastructure investment approach of improved resource efficiency and less carbon intensive energy. It promotes the development of renewable energy plants and associated manufacturing capability, especially concentrated solar power. |
| **The Western Cape Green Economy Framework (2013) – Green is Smart** |
| This strategy specifically identifies where the Western Cape has the potential to be a pioneer and early adopter of green technologies and economic activity. Green is Smart explicitly supports the selection of Atlantis as a proposed SEZ with a focus on renewable energy and advanced manufacturing, and notes the CoCT and WCG's significant progress in making available land at competitive rates and with a relatively easy land occupation process. |
| **The Western Cape Broad Band Initiative** |
| This partnership between the WCG and CoCT aims to implement an expansive fibre-optic communication network across the metro and will provide high-speed internet to 45 WGC and 130 CoCT buildings/ facilities. The intent is to enter into agreements with private service providers to make spare data capacity available to disadvantaged areas at a reduced fee. By September 2014, the learners of Delft and Atlantis will receive free Wi-Fi as part of the projects so that they can research their school projects on the web. |
| **The Provincial Spatial Development Framework** |
| This is a framework for the province's urban and rural areas that gives spatial expression to the national (i.e. NDP) and provincial development agendas and communicates government's spatial development intentions to the private sector and civil society. It explicitly supports the green sector. It supports households accessing basic services that are delivered resource efficiently; the prudent use of land and finite resources and safeguarding of ecosystems; energy diversification and energy efficiency to enable a transition to a low carbon, sustainable energy future; and delinking economic growth from energy use. |
| **CoCT Integrated Development Plan (2013/14 Review)** |
| The Integrated Development Plan is the City's key statutory medium-term strategic plan, also directing the budget. The IDP identifies three catalytic projects to support increased investment and jobs: Investment in broadband infrastructure across the city; the further roll-out of the MyCiti service as part of the Bus Rapid Transit network, especially to the south-east of the city; area revitalisation and investment in renewable energy, including the Atlantis Revitalization scheme and green-technology |

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| cluster. The City has also set a target of generating 10% renewable energy by 2020.<br><br>Atlantis related infrastructure/ public facility/ services investment: Upgrading of Dassenberg Drive; Atlantis substation 5 transformer replacement and Atlantis industrial main substation upgrade; support for the PRASA/ Metrorail investigation into the utilisation of the Atlantis goods rail line as a passenger line; and a major upgrade to the Atlantis cemetery. |
| **CoCT Economic Growth Strategy** |
| **Cape Town Spatial Development Framework** |
| **Blaauwberg District Plan (Spatial Development Plan and Environmental Management Framework)** |
| **CoCT Integrated Transport Plan 2013-2018 (2013).** |
| **Koeberg Emergency Plan** |
| Aimed at responsible development and risk/ disaster management related to the Koeberg Nuclear Power Station |

*Source: Deloitte Feasibility Study, 2015*