KOUGA
local municipality
Good Governance through Service Excellence

ORDINARY COUNCIL MEETING

SUPPLEMENTARY AGENDA (2)

Date	:	26 February 2021
Time	:	10:00
Venue	:	Virtual Meeting

KOUGA MUNICIPALITY (EC108)	**UMASIPALA I-KOUGA (EC108)**	**MUNISIPALITEIT KOUGA (OK108)**
<u>NOTICE CONVENING A MEETING</u>	**<u>ISAZISO NGENTLANGANISO</u>**	**<u>KENNISGEWING VAN VERGADERING</u>**
NOTICE IS HEREBY GIVEN in terms of the amended Directions on Municipal Operations and Governance, in terms of Section 27(2) of the Disaster Management Act, 2002, that a virtual Ordinary Council Meeting will be held on	**OKU KUKWAZISA** malunga neZikhokelo eziLungisiweyo ekuSebenzeni koMasipala kunye noLawulo ngokweMigaqqo yeCandelo lama 27(2) loMthetho woLawulo lweNtlekele ka 2002, ukuba kubanjwe intlanganiso ebonakalayo yesigqeba Ye khansile	**KENNIS GESKIED HIERMEE** ingevolge die gewysigde Aanwysings Vir Munisipale Bedrywighede En Bestuur, Ingevolge Artikel 27 (2) van die Wet op Rampbestuur, 2002, dat 'n virtuele raadsvergadering gehou sal word op
<u>DATE</u>: 26 February 2021	**<u>UMHLA:</u> 26 EyoMdumba 2021**	**<u>DATUM</u>: 26 Februarie 2021**
<u>TIME</u>: 10:00	**<u>IXESHA</u>: 10:00**	**<u>TYD</u>: 10:00**
<u>H. BORNMAN</u> **SPEAKER**	**<u>H. BORNMAN</u>** **USOMLOMO**	**<u>H. BORNMAN</u>** **SPEAKER**

Councillors are required to comply with the Standing Rules and Orders of Council and all its Committees By-law as promulgated in the Provincial Gazette on 22 October 2018 No.4134 and applicable to this meeting of Council. Any person who willfully contravenes any provision of these rules shall be guilty of an offence and which contravention shall be dealt with in accordance with the disciplinary procedures for Councillors.

<u>SUPPLEMENTARY AGENDA</u>

1. **<u>MATTERS DEALT WITH IN TERMS OF DELEGATED AUTHORITY BY THE EXECUTIVE MAYOR</u>**

   (The reports by the Executive Mayor, in terms of the provisions of Section 63 of the Local Government Municipal Systems Act, 32 of 2000, on matters dealt with by the Executive Mayor in terms of delegated authority as detailed in the Minutes to be noted).

2. **<u>REPORTS BY THE OFFICE OF THE MUNICIPAL MANAGER</u>**

21/02/MM10 Private Project Funding Agreement Proposal – IDIS Consulting & Development

Pages 6-36

3. **<u>CLOSURE</u>**

<u>Distribution list:</u>
Executive Mayor
Speaker
All Councillors
Municipal Manager
All Directors
Relevant Managers
Committee Services

MATTERS DEALT WITH IN TERMS OF DELEGATED AUTHORITY BY THE EXECUTIVE MAYOR

REPORTS BY THE OFFICE OF THE MUNICIPAL MANAGER

KOUGA MUNICIPALITY (EC 108)

ORDINARY COUNCIL MEETING

OFFICE OF THE MUNICIPAL MANAGER

DATE: 26 FEBRUARY 2021 **ITEM NO: 21/02/MM10**

PRIVATE PROJECT FUNDING AGREEMENT PROPOSAL – IDIS CONSULTING & DEVELOPMENT

1. Introduction

The purpose of this item is to table before Council the private funding proposal received from IDIS Consulting & Development (International Diverse Innovation Solutions (PTY) LTD) – a private funding development programme. (Item will be done by way of a presentation by IDIS Consulting & Development.) See also Annexure attached – The IDIS Private Development Funding Programme (PDFP).

2. Purpose

The purpose of this item is for Council to consider the private funding proposal and take an in principle decision to pursue a Project Funding Agreement (PFA) with IDIS, and to authorise the Accounting Officer of the Municipality to engage with IDIS and report progress to the Municipal Council.

Once an in-principle decision is taken, the Accounting Officer can commence with interactions with IDIS, embark on a vetting process and interrogation of the proposed Project Funding Agreement.

3. Envisaged steps after in principle approval

- Vetting process
- Engagement with National Treasury regarding the proposed implementation of the identified projects
- Accounting officer determines the value of the security that the Municipality can pledge
- Municipality and IDIS identify and agree on the projects to be included (projects to be funded by IDIS)
- Public Participation - notice of Council's intention to enter into a PFA with IDIS
- Item referred back to Council to resolve on the provision of security, agreement to the final terms and conditions of the PFA, the projects to be funded, establish a project steering committee and authorisation for the Accounting Officer to enter into the PFA on behalf of Council
- Upon signature of the PFA the agreement becomes the security that IDIS will provide to the international partners to unlock funding for the identified and approved projects.

4. Recommendation

4.1 That Council decided that the Municipality intends to pursue a Project Funding Agreement with IDIS (International Diverse Innovation Solutions (PTY) LTD), and

4.2 That Council authorises the Accounting Officer to engage IDIS (International Diverse Innovation Solutions (PTY) LTD) and report back to Council, and

4.3 That Council authorises the Accounting Officer to embark on a full vetting process into (International Diverse Innovation Solutions (PTY) LTD) as well as the funding model proposed, which process will include discussions with National Treasury.

Item prepared by **: Manager in the office of the Mayor**

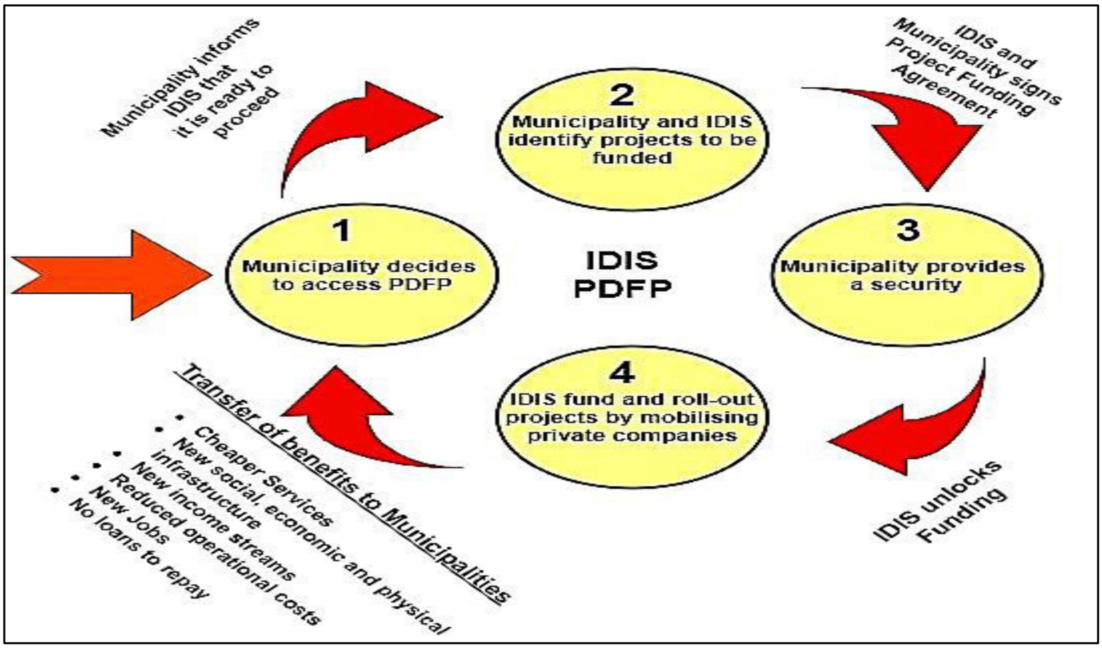
Item approved by **: Municipal Manager**

THE IDIS PRIVATE DEVELOPMENT FUNDING PROGRAM ("PDFP")

1. Background

The Private Development Funding Program ("**PDFP**") was developed by IDIS to unlock **Foreign Direct Investment** (FDI) for **projects in the municipal sphere** in South Africa. The funding that the PDFP unlocks is **not a loan** that must be repaid by a Municipality. The funding unlocked **flows to projects identified in consultation with Municipalities** and which projects are then rolled-out by **private sector entities appointed by IDIS** and which projects are then immediately on completion of a PPP agreement transferred **at no cost** to a Municipality.

The benefits that can accrue to a Municipality through its participation in the programme are illustrated in the diagram below:



The PDFP can typically unlock investment of R 10 Billion or more for each participating Municipality or District Municipality over a five years funding cycle, against a security provided by a Municipality.

The PDFP mechanism enables a Municipality to direct the unlocked funding to projects that will assist the Municipality to achieve its section 152 and 153 development goals and objectives, as defined in the Constitution, 1996.

The PDFP has been designed to assist Municipalities to resolve immediate critical service delivery challenges they face and for the implementation of projects that will make long term structural changes that will assist them to improve service delivery, create new streams of income, create new jobs and stimulate economic development in their areas of jurisdiction.

IDIS has started with the roll-out of the PDFP in 2020 and we are currently engaging with about 20 Municipalities throughout South Africa. These Municipalities include small rural Municipalities, District Municipalities, larger local Municipalities and Metropolitan Municipalities.

IDIS have engaged and are in discussions with National Treasury, the Department of Cooperative Governance and Traditional Affairs and SALGA about the PDFP and its roll-out.

IDIS has presented the PDFP to the Select Committee on "Cooperative Governance and Traditional Affairs, Water and Sanitation and Human Settlements" of the National Chamber of Provinces. IDIS is currently working with MEC's in various Provinces to roll-out the programme to Municipalities in their Provinces.

2. Access to the PDFP

Any South African Municipality can approach IDIS to unlock funding for projects in their Municipal area through the **PDFP**.

After having received a formal request from a Municipality, IDIS will provide it with documentation and information setting out the legal and technical requirements to use the PDFP**.** Based on the information provided and following discussions and interaction with IDIS, a Municipality can then decide if they want to use the opportunities offered by the PDFP. Should a Municipality decide to participate; IDIS and the Municipality can start with the identification and packaging of the projects that will be funded.

3. Projects that can be funded through the PDFP mechanism

The PDFP has been designed to support and strengthen the Integrated Development Planning Process, the Local Economic Development Planning Process of Municipalities and the planning and development processes of Development Agencies and Business Units established by some Municipalities.

The PDFP can unlock funding for small, medium and large scale projects that were identified during the IDP and LED planning processes of Municipalities and the planning processes of its business units. In general the preference is to fund larger projects that will make long term and structural changes that will increase the viability and sustainable operation of Municipalities.

IDIS will submit projects for funding in its own right to a Municipality when negotiating and concluding a funding agreement. These projects derive from IDIS's mandate to invest in projects that will result in the establishment and provision of new social, economic and infrastructural services and facilities for Municipalities and investment in projects that will create new jobs and stimulate economic growth.

IDIS is regularly approached by private project owners that require funding for projects in the areas of Municipalities with who IDIS conclude funding agreements. IDIS will submit feasible projects that align with its mandate for funding to a Municipality during the project selection processes in view of the massive contribution these projects can make to development and the attainment of the section 152 and 153 goals and objectives of Municipalities as per the Constitution, 1996.

IDIS and a Municipality must target the selection of projects that will not only focus on the short term needs of a Municipality to restore the health of existing systems and services, but to prioritise projects that will allow a Municipality to make long term structural changes that will leave it in a better position when funding stops.

The Foreign Direct Investment (FDI) funding unlocked by IDIS will flows to IDIS and IDIS will be responsible to fund and roll-out the projects jointly identified and jointly agreed to with a Municipality. The flow of funds to IDIS is a condition of the international funders that attaches to the FDI funding that flows to South Africa. This condition cannot be changed or circumvented by IDIS.

To give effect to the above, and to leave the Municipality in a better position when funding ends, IDIS will prioritise funding of projects in the following categories:

- Unfunded IDP projects.
- Projects meant to enhance municipal revenue by improving and replacing existing systems and services.
- Projects meant to reduce the operational costs of a municipality.
- Projects meant to create future income streams for a municipality.
- Projects meant to create new jobs and to stimulate economic growth and development.

(Examples of projects that IDIS can fund in the above categories are included in Annexure A to this document).

4. Legal framework used to fund projects

IDIS will generally fund projects on the following basis:

- by way of a Grant Transfer; or
- through a Public Private Partnership agreements concluded with a Municipality; or
- through Private-Private agreements concluded with project owners.

"**Grant transfers**" means facilities or services provided at no cost and for the public good by IDIS to a Municipality.

This can entail the fixing, replacement, refurbishment or upgrading of critical services and service delivery infrastructure of a Municipality by a private service provider appointed and paid for by IDIS. The work can be performed in terms of a service level agreement concluded between IDIS and the Municipality to ensure the end product is consistent with applicable Municipal standards and maintenance and control systems.

When work or a service has been completed on the basis agreed in a Service Level Agreement, the relevant goods or services created will immediately be released back to a Municipality to resume the delivery of a service or the operation and maintenance of the infrastructures fixed.

There will be no loan or any other cost to be repaid by a Municipality.

"**Public Private Agreements**" generally refers to a commercial transaction between a municipality and a private party in terms of which the private party will[1]:

> *"a) Perform a municipal function for or on behalf of a municipality, or acquires the management or use of municipal property for its own commercial purpose; or both performs a municipal function for or on behalf of a municipality and acquires the management or use of municipal property for its own commercial purposes.*
> *(b) Assumes substantial financial, technical and operational risks in connection with:*
> *(i) The performance of the municipal function*
> *(ii) The management or use of the municipal property; or*
> *(iii) Both . . . . .*
> *(c) Receives a benefit from performing the municipal function, or from using the municipal property or both, by:*
> *(i) Consideration to be paid or given by the municipality or a municipal entity under the sole or shared control of the municipality*
> *(ii) Charges or fees to be collected by the private party from users or customers of a service provided to them*
> *(iii) A combination of the benefits referred to in subparagraphs (i) and (ii)."*

PPP agreements can take many forms and will generally be project specific. IDIS will generally seek to conclude and pursue Built, Own, Operate Train and Transfer (BOOTT) or Build Operate and Transfer (BOT) agreements with Municipalities, but without excluding other forms of PPP partnerships on the basis provided for in Treasury Guidelines, to meet the situation on the ground.

Because funding unlocked through the PDFP mechanism bears no interest, PPP projects can generate cost savings that will result in lower tariff agreements with Municipalities. For example, electricity generation facilities built under a PPP agreement can deliver electricity to a Municipality for reselling at a discount from the price at which ESKOM sells to Municipalities. Securing cheaper electricity will allow Municipalities to increase their incomes from the reselling of energy which can create budgetary space for the increased cross-subsidisation of indigent users and for negotiating and concluding debt repayment agreements with ESKOM. The objective is to provide an immediate and ongoing benefit to Municipalities under PPP agreements concluded with them.

When a PPP ends all facilities and infrastructures created will transfer in ownership to a Municipality. For example if funding was used to for example build a solar farm, the entire infrastructure created will transfer at no cost to a Municipality. Such a facility will then become a critical and sustainable future income source for a Municipality.

There will be no loan to be repaid by a Municipality.

"**Private-Private agreements**" generally refer to business agreements between IDIS and private entities, project owners or a business enterprise of a Municipality which will result in the creation of services and facilities that are generally consistent with the objectives of providing new social, economic and infrastructural services and facilities and investment in projects that will create new

[1] National Treasury, Municipal Service Delivery and PPP Guidelines.

jobs and stimulate economic growth, and which gives effect to the section 152 and 153 goals and responsibilities of Municipalities.

Private-Private agreements can typically be used to implement and roll-out projects emerging from and developed during the LED planning processes' of a Municipality.

IDIS, as a B-BBEE compliant company, can also fund, own and operate a project in its own right. IDIS is not a consulting company or a developer and will appoint best-in-class specialists to execute and operate projects.

Once IDIS and a Municipality have reached agreement on the projects to be funded, the expected cost of the projects, and the legal framework within which they will be rolled-out (Grant transfer, PPP or Private-Private), IDIS and a Municipality can proceed to conclude **a Project Funding Agreement.**

5. The Project Funding Agreement ("PFA")

A Project Funding Agreement is a legal agreement entered into between IDIS and a Municipality.

A signed PFA document becomes the "security" that is required to unlock funding for the roll-out of the projects agreed to between the Municipality and IDIS, through the PDFP mechanism developed by IDIS.

In a PFA a Municipality undertakes to provide and maintain a security and IDIS agrees to unlock funding to fund and roll-out the projects identified in the PFA.

The format of the PFA to be entered into by IDIS and a Municipality has been developed and negotiated to protect the interest of all the parties involved in the funding chain created by IDIS, and which chain is necessary to unlock FDI for projects.. This includes the rights and interests and competences of the participating Municipality, IDIS, IDIS's Fiduciary Manager and their international partners, International Investors, and the International Banking System. The format of the PFA that a Municipality will sign has been accepted and approved by our international partners and the legal sections of participating Municipalities.

IDIS has also submitted all our legal and technical PDFP documentation, which included the PFA to be signed by a Municipality, to the Office of the Deputy Finance Minister for review and oversight purposes. National Treasury has responded positively to the PDFP documentation submitted and has raised no flags regarding the further roll-out of our PDFP and the use of our Project Funding Agreements.

The PDFP and the PFA is based upon and has been designed to be fully compliant with the powers of a Municipality to issue a security on the basis provided for in the Financial Management Act (MFMA), Act No 56 of 2003.

The PDFP and the PFA has also been designed from the outset to be fully compliant for roll-out within the procurement frameworks established by the MFMA, 2003, the Municipal Systems Act, Act No 32 of 2000, Municipal Public Private Partnership Regulations and other notes issued by Treasury.

The power to issue a security in terms of the MFMA is a sole Municipal competence. National and Provincial Treasury Departments will become involved in the procurement process when approached by a Municipality in the normal manner.

6. The basis of the funding model provided for in the PDFP

The PDFP is based on breakthrough agreements brokered by IDIS with our international partners.

In terms of this agreement international investors will accept and invest in securities based on unleveraged fixed assets of Municipalities as a security when offered in the form of a PFA agreement, to unlock funding for projects. Part of the profits generated by investors will be returned to IDIS as FDI which must be used to implement the projects identified in a PFA and on the basis agreed.

The security provided must comply with the requirements of international markets and the rules of the international banking system. The PFA has been designed to meet the requirements of all the parties and contain condition necessary to meet their requirement.

All that is required from a Municipality to participate in and benefit from the PDFP, is to issue a security by signing a PFA with IDIS.

Because the collective value of unleveraged Municipal fixed assets across South Africa amounts to Trillions of Rands that can be used for the purposes of the PDFP, it is expected that a large number of Municipalities will want to unlock funding for projects through the PDFP mechanism. IDIS cannot accommodate all the Municipalities in South Africa and will proceed to engage with Municipalities on a first come first serve basis.

Because of the nature and extent of the envisaged roll-out of the PDFP and the potential benefits that will accrue to the Country, IDIS will approach the deployment of the PDFP from a national perspective and prioritises compliance with the requirements of our international partners to ensure the long term availability of this facility in the national interest. IDIS will deploy national management structures to develop and implement procurement, quality assurance and reporting systems that meets the requirements of our international partners to ensure consistence across Municipalities.

The PDFP is a mechanism that Municipalities can use to leverage their unencumbered fixed assets to unlock funding for projects that they want to pursue for the benefit of their communities and for the long term benefit of the Municipality.

7. Nature of the Security to be provided by a Municipality

The security that must be provided by a Municipality to unlock funding through the PDFP involve no cost or expenses for the Municipality or the transfer of any of their assets to anyone else.

The security that a Municipality must provide to unlock funding for the projects that it wants rolled-out, and on the basis provided for in a PFA, will have the following attributes:

7.1. The "security" that must be provided is a "**pledge**" by a Municipality to keep the value of all the fixed assets owned by it at or above an agreed level (described as a threshold level in the PFA) for a period of five years.

7.2. The **Municipality must decide the threshold level** of assets that it is willing and comfortable to "pledge" for the purpose of a PFA, but it should preferably be R2 Billion rand or more in the case of a larger Municipality. Smaller Rural and asset poor Municipalities can combine with other Municipalities in a District and the District Municipality itself to reach a R2 Billion amount.

7.3. The **threshold level** that a Municipality must **pledge** and **maintain** over a five year period is a percentage of the value of all the fixed assets owned by a Municipality and which assets (non-current) is **evidenced** by the last audited financial statement of a Municipality and signed by the Auditor General of the Republic of South Africa.

7.4. In practice this means that if a Municipality owns R 10 Billion worth of fixed assets and if it decides to pledge 50% of its fixed assets for the purpose of unlocking five times that value for projects, then the threshold at which it must keep the collective value of its asset holding will be R 5 Billion (50% of R10 Billion). This threshold amount will be arranged in a Project Funding Agreement concluded between IDIS and the Municipality. Therefore a Municipality legally agrees not to sell fixed assets that will cause its total asset holding to drop below the 50% threshold level.

7.5. The fixed assets value that a Municipality pledge for the purpose of a PFA **cannot be otherwise encumbered**. (E.g. assets currently committed to underwrite debt or which was used for the issuing of a Municipal Bond)

7.6. The security issued must be **placed under the administration of our Fiduciary Manager** to allow them to lodge the security with a Bank, to move within the banking system and to use it to optimally raise funding. This means that the "pledge" made and the security created will be under the administration of our Fiduciary Manager for a period of five years. It does not mean that any asset has been transferred to our Fiduciary manager or comes under its hold.

The "security" created by a PFA is <u>a pledge</u> by a Municipality to retain the collective value of all the unencumbered fixed assets owned by the Municipality above an agreed threshold level. The value of its asset holdings is evidenced by the value thereof indicated in the last Municipal Financial Statement of a Municipality as audited by the Auditor General of South Africa.

7.7. To be accepted as a security, a signed Project Funding Agreement **must be accompanied** by the following documentation and evidence:

- An Annexure A that contains the list of projects to be funded and rolled out by IDIS.
- A copy of the decision of a Council to issue a security in terms of Section 48 of the MFMA.
- A copy of the decision of Council Authorising the Municipal Manager to sign the PFA.
- A certified copy of the last Audited Financial Statement of the Municipality as audited by the Auditor General of South Africa that evidences the assets held by a Municipality

8. No transfer of any Municipal asset required

8.1. The security provided by a Municipality **does not require that any asset of a Municipality be transferred to IDIS, Our Fiduciary Manager or to anyone else**. Neither does the pledge imply that anyone obtains any right to hold or call on those assets. A Municipality **retains all its existing rights** in respect of all its assets, including all rights to the unaltered beneficial use thereof. A Municipality must also continue to maintain its assets in terms of all the applicable laws.

8.2. The security provided is a “pledge” or a legal agreement by a municipality to retain a threshold level of all its unencumbered fixed assets. If the pledge is not honoured, funding can be stopped because the basis of the security, as part of a package of similar securities received from other Municipalities in South Africa, will be compromised.

8.3. There are no costs involved for a Municipality to engage with IDIS or to conclude a PFA with IDIS.

9. Quantum of funding that can be unlocked through the PDFP

9.1. **IDIS will unlock five times (5X) the value of a security that a Municipality elects to ring-fence and pledge to fund the projects in Annexure A of a Project Funding Agreement**.

For example, if a Municipality decides that it can ring-fence and maintain a threshold value of R 2 billion over the five year term of the funding (this is a Municipal decision), IDIS will unlock R 10 Billion to fund and implement projects agreed with a Municipality.

9.2. Please note that the funding that IDIS unlocks **do not replace existing allocations** (e.g. equitable share allocations, grant allocations, taxes, etc.) or any other income stream of a Municipality. Funding under the PDFP is new funding that a Municipality unlocks to enable projects critical to its operations and restructuring to be implemented.

Municipalities can therefore continue with budgeting and procurement processes in the normal manner.

Because the funding unlocked through a PFA flows to IDIS, a Municipality will not have to reflect and report on this funding in their financial statements. New assets transferred during the implementation of a PFA will have to be included in the asset register of a Municipality.

9.3. Funding through the PDFP mechanism does not stop a Municipality from engaging with and unlocking other forms of funding from other vendors and development finance institutions. In certain instances it may be possible to combine IDIS funding with other forms of funding to move projects forward.

9.4. In line with the conditions attached to the funding by IDIS's International Partners, the FDI unlocked flows to IDIS **and IDIS will be accountable** to ensure the roll out of projects. In the event that projects fail, funds are misused, corruption and non-compliance with international banking rules occur, **then IDIS will become responsible to repay funds**.

9.5. IDIS has **been conditionally designated as the Engineering, Procurement, Financing and Construction agent** by our international partners responsible for the roll-out of projects, quality assurance, oversight and reporting to them on a basis determined by them and necessary to meet international banking and investment rules and requirements.

10. Procurement and Appointment of Contractors

The implementation of a PFA will be managed and co-ordinated at Municipal level by a Project Steering Committee representing IDIS and the Municipality. This Committee must be established immediately after a PFA has been signed.

This Steering Committee will be responsible to prioritise and coordinate the implementation of agreed projects and must facilitate the passage of projects through the Administration and its decision-making structures and to pilot the various projects through the necessary procurement processes of a Municipality.

The procurement process provided for in the PFA will generally provide for the following:

10.1. **Procurement preceding the signing of a PFA**:

The projects that a Municipality and IDIS agree to implement will be included and specified in Annexure A of a Project Funding Agreement.

An example of an Annexure A that will form part of a Project Funding Agreement, and the typical projects that IDIS can fund are included in the attached Annexure A.

Projects include in an Annexure A:

10.1.1. Must be implemented and executed on either a Grant Transfer basis or as PPP agreements (Like a BOOTT or BOT agreements) or as Private-Private agreements.

10.1.2. Must have detailed business plans and budgets or agreed budget estimates based on best practise in the industry.

10.1.3. Can be any projects that originate from the internal planning processes of a Municipality (provided these projects have not already been budgeted for), like the IDP and LED processes, or projects submitted by Development Agencies, or projects emerging from participatory structures like Business forums, or projects submitted by private interests or projects submitted by IDIS.

10.1.4. IDIS will fund up to a maximum of 25% of projects in Annexure A on a Grant Transfer basis, while the remainder of projects must be implemented under PPP or Private-Private agreements.

10.1.5. No procurement can occur or any service provider appointed until a PFA has been signed and the funding has arrived in IDIS's environment.

10.1.6. IDIS will conclude share equity agreements with private project owners.

10.1.7. The PDFP provides that PPP projects will be submitted and processed as unsolicited bids after a PFA has been signed. This will then be done in terms of the applicable Treasury Notes and Guidelines and be processed in terms of the normal guidelines and laws through the procurement section of a Municipality, and the Provincial and National Treasuries.

10.2. **Procurement after a PFA has been signed**:

The Municipality and IDIS must establish a Project Steering Committee to oversee and ensure that the following actions are taken:

10.2.1. A municipality and IDIS must start to prepare and agree Service Level Agreements for Projects and services to be funded on a Grant Transfer Basis. Upon agreement on a Service level Agreement IDIS's project manager will proceed to select and appoint service providers to perform the work required and necessary to execute the Service Level Agreements. Upon completion the restored, repaired or new services and assets created will immediately be returned or transferred to the Municipality.

10.2.2. IDIS must initiation work to prepare for the submission of the PPP project bids included in Annexure A of a PFA in compliance with the MFMA (Act No. 56 of 2003), the Municipal Public Private Regulations and the Municipal Systems Act (Act No 32 of 2000) and will then submit the PPP projects included in Annexure A as unsolicited bids for procurement in terms of the applicable laws, including laws that provides for the acceptance and processing of unsolicited bids by Municipalities.

10.2.3. IDIS or its Project Manager must appoint Service Providers to do the preparatory work necessary to initiate a PPP project and to conduct a feasibility study for the purposes of the PPP Project Cycle as prescribed by National Treasury. This will include conducting and preparing the documentation necessary including the required needs analysis, technical analysis, service delivery analysis, due diligence investigations, value assessments and procurement plans necessary to proceed with the consideration of PPP projects.

10.2.4. Upon approval of a PPP project in terms of the applicable laws, policies and guidelines, IDIS will proceed to appoint service providers to do the work necessary to implement the PPP agreements and to operate and provide the services agreed with a Municipality. Upon fulfilment of a PPP agreement IDIS will transfer the facilities and services established to a Municipality on the basis agreed in a PPP agreement.

10.2.5. All risk for the execution of PPP projects and Grant Transfer projects lies with IDIS

10.3. Appointment of Contractors

Because IDIS is a funder and not an engineering company or a developer, IDIS will appoint one or more project managers to perform the EPFC functions that vest with IDIS and to manage the risk that vests with IDIS. These companies will be responsible to identify and appoint the various service providers and contractors necessary to roll-out the PDFP in the various Municipal areas. IDIS's Project Manager(s) will be tasked to mobilise and capacitate local skills and capacities to localise and maximise the use and employment of local experts, firms and other service providers. In lieu of their contracting, oversight and quality assurance role, IDIS's project managers(s) cannot also be involved in downstream project design and implementation.

The appointment of contractors will be based on the following principles:

10.3.1. The PDFP is a national programme being rolled out to many municipalities and IDIS will roll-out a national management system to ensure similar compliance and reporting standards.

10.3.2. IDIS will outsource the task of identifying, appointing, managing and assuring quality control of companies performing the work necessary to roll-out the projects in Annexure A of the Project Funding Agreement, to a Project Manager(s) in compliance with best practise and industry standards.

10.3.3. The Project Manager will appoint and manage service providers in line with best practise, industry standards and in compliance with the provisions that applies to appointment of professional persons and companies.

10.3.4. IDIS is solely responsible and accountable to ensure the provision of the Engineering, Procurement, Financing and Construction functions in respect of the funded projects in Annexure A of a PFA. This responsibility cannot be circumvented.

11. Transfer of completed projects to a Municipality

11.1. **Transfer of Grant funded projects**.

11.1.1. Grant funded projects can comprise a maximum of 25% of the funding unlocked for projects and will typically include the refurbishment, replacement or upgrading of existing facilities and services belonging to a Municipality or the extension of services or facilities on land belonging to a Municipality to restore the health of existing systems and services.

11.1.2. The services and facilities will remain in ownership of the Municipality but will have to be released to service providers and contractors to do the necessary work and ensure that the necessary securities are in place and ensure compliance with other applicable laws like labour and health laws, on the basis required by normal contracting agreements.

11.1.3. Upon completion of work the facilities will immediately be released back to the Municipality.

11.1.4. The work to be performed can include professional work. (e.g. compiling of masterplans, development plans)

11.1.5. The work is performed at no cost to the Municipality.

11.1.6. Any new infrastructures created on a grant transfer basis will be transferred in ownership to the Municipality immediately upon completion of works.

11.2. Transfer of PPP projects

11.2.1. Projects funded and rolled out by IDIS in terms of a PPP agreement will be transferred to a Municipality on the basis provided for in the PPP agreement itself, upon fulfilment of the relevant terms and conditions of the PPP agreement.

11.2.2. Various permutations for PPP agreements will be required, which can provide for the immediate or end of tenure PPP transfer of infrastructure created.

11.2.3. In certain instances provision must be made for the immediate transfer of certain infrastructures installed under a PPP agreement (e.g. smart water meter systems and energy efficient street lighting systems). This will be linked to a service and maintenance contract. At the end of a PPP contract a Municipality can elect to continue with or procure new service and maintenance contracts for the infrastructures created by procuring such services in the normal manner.

11.3. Private-Private Projects

11.3.1. Private-Private Projects will mostly entail equity-share agreements concluded between IDIS and private project owners for projects that will deliver new social and economic infrastructure in the area under the control of the Municipality, create new jobs, stimulate economic growth, enlarge the tax base of a Municipality, ensure new and additional income streams from taxes, licenses and the consumption of services. Typical projects can include social housing projects, the LED projects of a Municipality, Hospitals, Clinics, new manufacturing facilities, tourism projects, integrated township developments, etc.)

11.3.2. Private-Private projects can include projects owned or assigned to a business unit of a Municipality (e.g. a Development Agency or a Water Board) These projects can include the creation of new Municipal infrastructure or the delivery of services on an economic sustainable basis. IDIS can take equity in these projects and capitalise the projects.

11.3.3. Private-Private Projects will remain in private ownership and will not be transferred to the Municipality. The long term benefits deriving from new jobs, licencing, taxes and services payment will transfer to a Municipality

12. Ensuring Viability of PPP Projects

12.1. Each PPP project agreement to be concluded between IDIS and a Municipality must demonstrate viability to achieve one or more or a combination of the following benefits for a Municipality:

- Decrease the cost of services procured by a municipality and to pass on these benefits to end users during the life cycle of a PPP agreement.
- To create new sustainable income streams for a Municipality.
- To increase revenue collection by modernising and increasing the efficiencies of existing systems.
- To deliver new social, economic, and physical infrastructure to a Municipality and its citizens.

12.2. The IDIS PDFP instrument raises Foreign Direct Investment that will be used to fund and roll out new infrastructure for a Municipality under a PPP agreement. PPP agreements will include operation and maintenance agreements for the delivery of services using the newly created infrastructures to a Municipality or directly to end-users. Various permutations exist to structure these operational and maintenance agreements. The overarching objective is to ensure that the ongoing maintenance and operation of projects be performed on an economically sustainable basis and that tariffs charged be market related or better. At the end of tenure of a PPP agreement the objective is to transfer a service or facility to a Municipality that has a proven track record of sustainability.

12.3. Various models exist to pay for the ongoing maintenance and operation of newly delivered capital infrastructure. This could include payment of agreed tariffs to a service provider by a Municipality or the direct collection of costs from end users or a combination of both.

12.4. The calculation of tariffs will generally exclude provision for the repayment of capital costs (i.e. the CAPEX benefit resulting from FDI unlocked will be transferred to a Municipality) and will primarily be based on costs incurred to deliver the new infrastructure, costs incurred to operate and maintain the new facilities, at market related rates, discounted over the life-cycle of a PPP agreement.

12.5. All infrastructures created under the Project Funding Agreement will be transferred to a Municipality at no cost upon termination of a PPP period.

13. Short summarising description of the PDFP:

13.1. The PDFP mobilises FDI for investment in Municipal projects in South Africa.

13.2. IDIS will fund and implement the specific projects identified and agreed in cooperation with a Municipality and at no cost to a Municipality and will transfer the completed projects to a Municipality either as grant transfers or under the provisions of PPP agreements.

13.3. IDIS is mandated to mobilise the private sector to roll-out funded projects. IDIS itself is not Engineering Company or a Developer and will appoint one or more Project Managers to perform its EPFC functions on a national basis. The Project Manager will appoint the companies to manage, design and implement projects at the Municipal level in compliance with applicable industry standards and rules.

13.4. The funding invested in projects by IDIS is not a loan and need not be repaid by Municipalities.

13.5. The PDFP does not require the issuing of Municipal Bonds by a Municipality.

13.6. There are no costs involved for a Municipality to conclude a Project Funding Agreement with IDIS.

13.7. A municipality must provide a security to unlock funding for the projects that will ultimately transfer to it. This security leverages unused assets of the Municipality but does not mean any asset of the Municipality will be transferred to anyone. If IDIS fails to deliver as agreed it must give the security provided back to the Municipality in the same form that it was provided.

13.8. Funding unlocked through the PDFP can be used to fund small, medium and large-scale municipal projects in the following categories and on the following basis:

13.8.1. 25% of funding for critical municipal projects (e.g. critical unfunded IDP projects) executed on a grant transfer basis.

13.8.2. 75% of funding for projects that will typically be implemented within a PPP framework (e.g. generation of electricity) or as equity based transactions where private role players are involved (e.g. social housing projects or water and sanitation projects):

- projects that will sustainably lower the operational costs and expenses of Municipalities and enhance revenue collection; and for
- projects that will deliver new social, economic, and physical infrastructure, create new jobs and enterprises and grow the economy.

13.9. The PDFP has been developed to be fully compliant with the South African legal and regulatory framework, including Municipal procurement laws.

13.10. To unlock funding for projects through the PDFP, a Municipality must sign a PFA with IDIS. The PFA provides that a Municipality must ring-fence a security under the powers vested in them by the MFMA and pledge this security to IDIS's Fiduciary Manager for an uninterrupted period of 5 years. This pledged security does not require the transfer of any asset to anyone, nor the loss of any current beneficial use or income derived from the ring-fenced assets by the Municipality. The security is also not tied to any specific asset or a specific subset of assets, but is merely a percentage of the value of all the assets owned by a Municipality and so verified by the Auditor General of South Africa and reflected in the last audited statement of the Municipality.

13.11. IDIS will generally raise five times the value of the security that a Municipality decides to ring-fence. If a Municipality ring-fences a value of R 3 billion IDIS will raise R 15 Billion to fund and implement projects agreed with a Municipality and included in the PFA.

13.12. The funding that IDIS raise do not replace existing allocations or income streams of a Municipality. A Municipality must continue with its normal procurement processes. Neither does the security preclude a Municipality from unlocking other funding sources.

13.13. IDIS and the Municipality will co-ordinate the implementation of agreed projects through a joint Project Steering Committee. All projects will be based on a service level agreement entered between a Municipality and IDIS.

13.14. The programme offers significant flexibility in its ability to fund projects that form part of larger integrated development projects that cuts across silos and which projects can involve the for-profit, government and SOE sectors to ensure their viability and execution.

13.15. IDIS and not the Municipality, is accountable for the FDI brought into South Africa and for the roll-out of the projects as agreed with a Municipality. All risk lies with IDIS. IDIS will implement horizontal management, quality assurance and reporting structures across in the various Municipalities that participate in the PDFP to protect the integrity of the programme with our international partners and investors.

13.16. The implementation of projects included in a PFA must have no additional personnel or manpower implications for a Municipality, unless new services are created (e.g. like a new library)

14. Because the PDFP unlocks private funding, it offers unique opportunities to tackle large scale multi-sectoral development challenges typically involving various government, private sector and SOE role-players. It is incumbent on Municipalities to use the PDFP creatively to effect structural changes that will result in sustainable long-term benefits for Municipalities.

   14.1. An example of how a problem involving many sectors can be addressed by taking a new approach, concerns the escalating problem of severe water shortages experienced by many of our coastal cities. The finite availability of water resources require that South Africa increasingly starts desalinating seawater. Desalination however delivers very expensive water because it depends on the use of large quantities of expensive electricity, and electricity supply systems already under severe pressure. The PDFP offers a route to repackage the project in a way that cheaper energy and a desalination solution using this cheaper energy. Existing approaches mostly separates energy generation and desalination. The PDFP has the capacity to deliver both parts of a solution.

   14.2. The opportunity exists for Municipalities to extensively engage with IDIS, to develop unique and larger-scale funding solutions before a PFA is signed.

15. Key steps involved in entering into and initiating the implementation of a Project Funding Agreement

Step 1: Municipality approaches IDIS in writing to be informed of the PDFP. IDIS will then provide the Municipality with technical and legal information about the PDFP funding opportunity and the parties start with exploratory discussions.

Step 2: Municipality takes in principle decision to pursue a PFA under the PDFP with IDIS.

Step 3: Municipality/IDIS start with the identification of projects and the preparation of budgets for the projects to be funded and rolled-out by IDIS, and which projects will be included in Annexure A of the legal agreement (PFA) to be entered into between the parties.

Step 4: After agreeing on the projects to be funded Municipality places a 30-day public advertisement giving notice of its intention to conclude a project funding agreement with IDIS.

Step 5: After considering comments received the Council of a Municipality issues a Security by way of a Council decision and mandates the MM to sign a PFA with IDIS – Funding to start in approximately two months after signature.

Step 6: Municipality appoint the Municipal/IDIS Steering Committee to coordinate roll-out of projects.

Step 7: Municipality/IDIS proceed to finalise Service Level Agreements for projects and proceed with the preparation and finalisation of PPP agreements and their adjudication in terms of supply chain management provisions for PPP projects, and

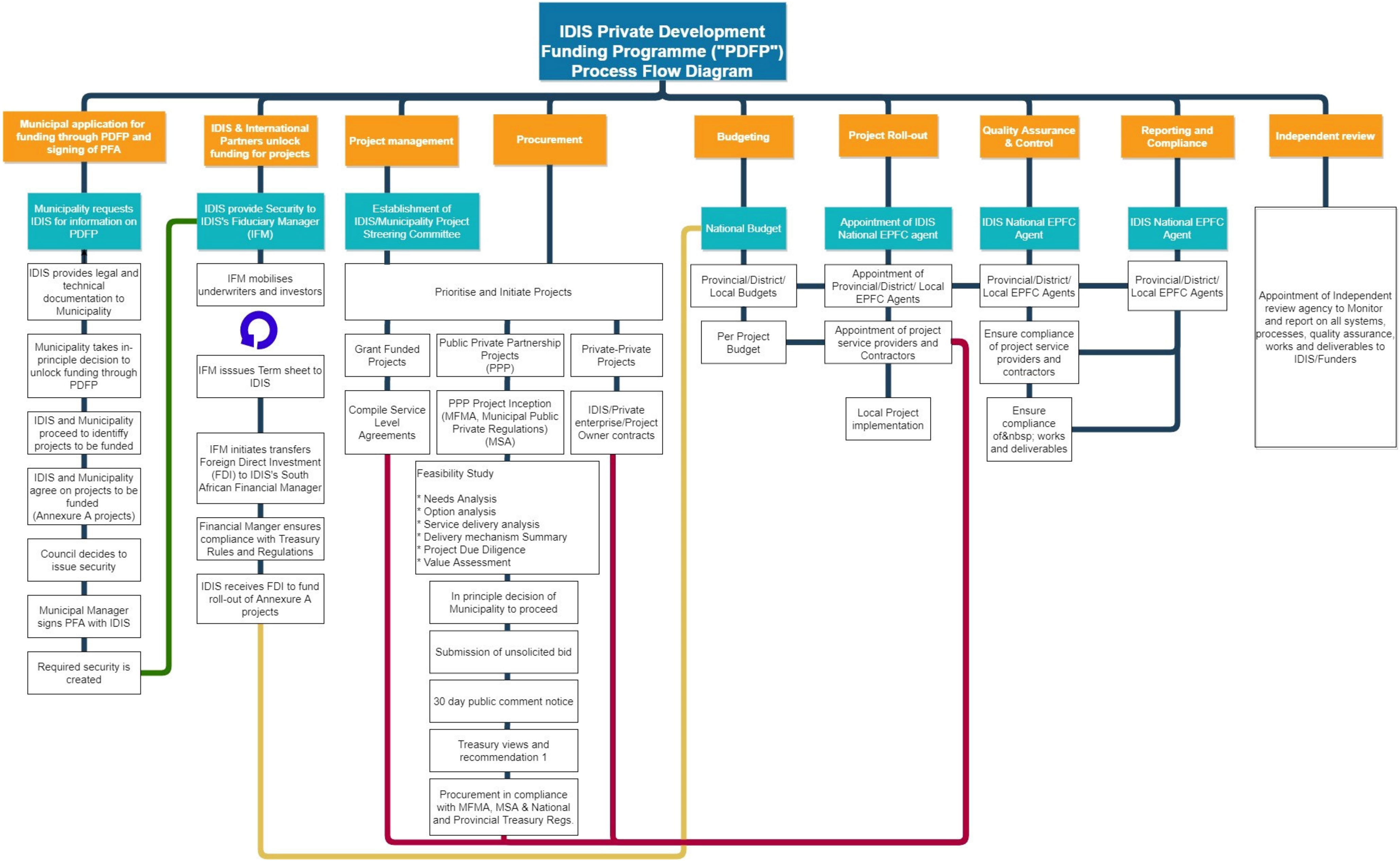
Step 8: Municipality release land on a basis agreed for project implementation and provides required planning and development approvals for agreed projects.

16. PDFP Process Flow Diagram

A **Diagram that illustrates the general process flow** of the **PDFP** which gives a general overview of the PDFP mechanism and its various components, is included on the next page.

17. Annexure A

An example of "Annexure A" that must be attached to a Project Funding Agreement, and which list the examples of projects that IDIS can fund, is attached to this document as Annexure A.


IDIS Private Development Funding Programme ("PDFP") Process Flow Diagram
Municipal application for funding through PDFP and signing of PFA
IDIS & International Partners unlock funding for projects
Project management
Procurement
Budgeting
Project Roll-out
Quality Assurance & Control
Reporting and Compliance
Independent review
Municipality requests IDIS for information on PDFP
IDIS provides legal and technical documentation to Municipality
Municipality takes in-principle decision to unlock funding through PDFP
IDIS and Municipality proceed to identiffy projects to be funded
IDIS and Municipality agree on projects to be funded (Annexure A projects)
Council decides to issue security
Municipal Manager signs PFA with IDIS
Required security is created
IDIS provide Security to IDIS's Fiduciary Manager (IFM)
IFM mobilises underwriters and investors
IFM isssues Term sheet to IDIS
IFM initiates transfers Foreign Direct Investment (FDI) to IDIS's South African Financial Manager
Financial Manger ensures compliance with Treasury Rules and Regulations
IDIS receives FDI to fund roll-out of Annexure A projects
Establishment of IDIS/Municipality Project Streering Committee
Prioritise and Initiate Projects
Grant Funded Projects
Public Private Partnership Projects (PPP)
Private-Private Projects
Compile Service Level Agreements
PPP Project Inception (MFMA, Municipal Public Private Regulations) (MSA)
IDIS/Private enterprise/Project Owner contracts
Feasibility Study
* Needs Analysis
* Option analysis
* Service delivery analysis
* Delivery mechanism Summary
* Project Due Diligence
* Value Assessment
In principle decision of Municipality to proceed
Submission of unsolicited bid
30 day public comment notice
Treasury views and recommendation 1
Procurement in compliance with MFMA, MSA & National and Provincial Treasury Regs.
National Budget
Provincial/District/ Local Budgets
Per Project Budget
Appointment of IDIS National EPFC agent
Appointment of Provincial/District/ Local EPFC Agents
Appointment of project service providers and Contractors
Local Project implementation
IDIS National EPFC Agent
Provincial/District/ Local EPFC Agents
Ensure compliance of project service providers and contractors
Ensure compliance of works and deliverables
IDIS National EPFC Agent
Provincial/District/ Local EPFC Agents
Appointment of Independent review agency to Monitor and report on all systems, processes, quality assurance, works and deliverables to IDIS/Funders

ANNEXURE A: AGREED PROJECT LIST

THIS DOCUMENT CONTAINS ILLUSTRATIVE EXAMPLES OF PROJECTS THAT CAN BE CONSIDERED FOR INCLUSION IN A PROJECT FUNDING AGREEMENT (PFA) BY A MUNICIPALITY:

a) Annexure A will form part of a PFA when it is signed.
b) Annexure A contains the list of projects that will be funded and rolled-out by IDIS up to the agreed funding level.
c) Category A projects must be less than 25% of the value of all projects included in Annexure A.
d) Funding for these projects will be available over a five year funding cycle and the target is to spend one fifth of the funding each year.
e) An IDIS/Municipality steering committee must prioritise and manage Annexure A projects roll-out for the purpose of achieving e) above.
f) The list that follows is illustrative and a Municipality is not limited to only consider projects included in this list.

CONTENTS:

CATEGORY A PROJECTS: UNFUNDED IDP PROJECTS

Projects in Category A will mostly be unfunded critical and high priority projects that emerge from a Municipality's IDP planning process. Category A projects may not use more than 25 % of all unlocked funds and must not be used to replace items already provided for in existing budgets to "free-up" funding for other Municipal Projects. IDIS will mostly execute the following projects on a grant transfer basis.

No	Project Description	Timeframe	Legal Basis	Estimated Cost (R)	Project Origin
	Water and Sanitation Systems				
1	Sewer Pipe Replacement and New Installations	Short term	Grant Transfer[2]		WSDP[3]
2	Water Pipe Replacement and New Installations	Short term	Grant Transfer		WSDP
3	Dams, Reservoirs and Towers	Short term	Grant Transfer		WSDP
4	Sewer Pump Station Replacement	Short term	Grant Transfer		WSDP
5	Waste Water Treatment Works Refurbishment and New Installations	Short term	Grant Transfer		WSDP
6	Water Treatment Works Refurbishment and New Installations Refurbishment and New Installations	Short term	Grant Transfer		WSDP
7	Drilling and equipping of Boreholes	Short term	Grant Transfer		WSDP
8	Farm Settlement Water Supply	Short term	Grant Transfer		WSDP
9	Eradication of Sewage Spillage	Short term	Grant Transfer		WSDP
10	Water and Sanitation Master Plan	Short term	Grant Transfer		WSDP

[2] Grant Transfer = Means the fixing, replacement, refurbishment or upgrading of a critical facility, service or infrastructure that belongs to a Municipality, by a private service provider appointed and paid by IDIS, in terms of a service level agreement concluded with a Municipality. When the work is completed the facility, service or infrastructure is immediately returned to the Municipality for the public good. There is no loan or any other cost that must be repaid by the Municipality.

[3] Means Water Services Development Plan

	Electricity Systems				
11	Refurbishment of electric reticulation systems and New Installations	Short term	Grant Transfer		Electricity Master Plan
12	Upgrading of Infeed and Substations	Short term	Grant Transfer		Electricity Master Plan
13	Protection of Substation Doors and Prevention of Cable Theft	Short term	Grant Transfer		Electricity Master Plan
14	Installation of Solar Geysers	Short term	Grant Transfer		Electricity Master Plan
15	Electricity Master Plan	Short term	Grant Transfer		Responsible Technical Section
	Roads Systems				
16	Refurbishment of roads	Short term	Grant Transfer		Roads and Storm Water Master Plan
17	Construction of Critical Road Infrastructure	Short term	Grant Transfer		Roads and Storm Water Master Plan
18	Improvement of Storm Water Systems	Short term	Grant Transfer		Roads and Storm Water Master Plan
19	Improvement of Traffic Signs, Mini Circles, Traffic Signals and Road Markings	Short term	Grant Transfer		Roads and Storm Water Master Plan
20	Improvement of Parking, Loading Areas and Taxi Ranks	Short term	Grant Transfer		Roads and Storm Water Master Plan
21	Roads and Storm Water Master Plan	Short term	Grant Transfer		Roads and Storm Water Master Plan
22	Pavement Management System	Short term	Grant Transfer		Roads and Storm Water Master Plan
	Solid Waste Disposal				
23	Upgrading of Waste Disposal Sites	Short term	Grant Transfer		Waste Master Plan
24	Solid Waste Collection Vehicles	Short term	PPP		Waste Master Plan

	Buildings and Facilities				
25	Refurbishment of Municipal Offices	Short term	Grant Transfer		IDP
26	Refurbishment of Community Centres	Short term	Grant Transfer		IDP
27	Refurbishing of Sport Facilities	Short term	Grant Transfer		IDP
28	Fencing of Municipal Buildings and Parks	Short term	Grant Transfer		IDP
29	Refurbishing of Municipal Clinics	Short term	Grant Transfer		IDP
30	Refurbishing of Municipal Public markets	Short term	Grant Transfer		IDP
	Refurbishing of Municipal SMME facilities	Short term	Grant Transfer		IDP
	Refurbishment of Municipal LED facilities				
	Training and Capacity building				
31	Training and capacity building	Short term	Grant Transfer		IDP/LED/Technical

CATEGORY B PROJECTS: PROJECTS MEANT TO ENHANCE MUNICIPAL REVENUE BY IMPROVING AND/OR REPLACING EXISTING SYSTEMS AND SERVICES

These Projects will mostly be implemented on a Public-Private-Partnership or BOOTT basis by IDIS. IDIS will deploy best in class technologies to modernize existing systems, reduce operational costs and enhance revenue collection.

No	Project Description	Timeframe	Legal Basis	Estimated Cost (R)	Project Origin
	Smart Systems				
1	Smart Water metering systems	Long Term	PPP		IDIS
2	Smart Electricity metering system	Long Term	PPP		IDIS
3	Facilities management systems	Long Term	PPP		IDIS
4	Water demand and loss management systems	Long Term	PPP		IDIS
5	Electricity demand and loss management systems	Long Term	PPP		IDIS
	Training and capacity building				
6	Local training associated with funded projects	Medium/long term	PPP		Project Roll-out
7	Capacity building associated with funded projects	Medium/long Term	PPP		Project Roll-out
	LED				
8	Fresh Produce Markets	Medium/Long Term	PPP		LED/Various

CATEGORY C PROJECTS: PROJECTS MEANT TO REDUCE THE OPERATIONAL COSTS OF A MUNICIPALITY

These Projects will mostly be implemented on a Grant Transfer Basis or on a Public-Private-Partnership basis (As BOOTT or BOT agreements)

No	Project Description	Timeframe	Legal Basis	Estimated Cost (R)	Project Origin
	New SMART Street Lighting Projects				
1	Compilation of lighting masterplans	Short Term	Grant/PPP		Lighting Masterplan
2	Smart Solar Street Lighting systems	Long Term	Grant/PPP		Lighting Masterplan
3	High Mast Light Monitoring System	Long Term	Grant/PPP		Lighting Masterplan
4	Installation of Solar Geysers	Long Term	Grant/PPP		Electricity Master Plan
5	Energy Demand Management	Long Term	Grant/PPP		Electricity Master Plan
	New Smart Transport systems				
6	Electric bus systems	Long Term	PPP		IDP/IDIS
7	Electronic parking meters	Long Term	PPP		IDIS
8	Intelligent transport systems	Long Term	PPP		IDIS
9	Digital Signage	Long Term	PPP		IDIS

	Other Smart City Solutions				
10	New charging networks for electric vehicles	Long Term	PPP		**IDIS**
11	Wi-Fi and Fibre networks	Long Term	PPP		**IDIS**
12	Sensor Technologies	Long Term	PPP		**IDIS**
13	Data Technologies	Long Term	PPP		**IDIS**
14	Safety and Security Systems (e.g. integrated utility revenue and asset management protection services and systems)	Long Term	PPP		**IDIS**
15	Mobile and Application based solutions	Long Term	PPP		**IDIS**
16	Wireless technologies	Long Term	PPP		**IDIS**
17	Smart Environment	Long Term	PPP		**IDIS**
18	Technical Operational Centre	Long Term	PPP		**IDIS**
	Training and capacity building				
19	Local training associated with funded projects	Medium/long term	PPP		Project Roll-out
20	Capacity building associated with funded projects	Medium/long Term	PPP		Project Roll-out

CATEGORY D PROJECTS: PROJECTS MEANT TO CREATE FUTURE INCOME STREAMS FOR A MUNICIPALITY

These Projects will mostly be implemented on a Public-Private-Partnership basis (As BOOTT or BOT agreements)

No	Project Description	Timeframe	Legal Basis	Estimated Cost (R)	Project Origin
	New Clean Energy generation projects				
1	Compilation of Energy re-use strategy	Short Term	Grant Transfer		IDP/IDIS
2	New Solar Farms	Long Term	PPP agreement		IDP/IDIS
3	New Wind Farms	Long Term	PPP agreement		IDP/IDIS
4	New Hydro-storage facilities	Long Term	PPP agreement		IDP/IDIS
5	New Battery Storage facilities	Long Term	PPP agreement		IDP/IDIS
6	Other forms of energy generation and storage (e.g. clean fuels production, Kinetic energy storage, PBMR, etc.)	Long Term	PPP agreement		IDP/IDIS
	Waste to Energy Facilities				
7	Production of energy and fuels from municipal and other organic waste.	Long Term	PPP agreement		IDP/IDIS

	Transport and Logistics Facilities				
8	Port, Rail, Harbour, Air Intermodal Facilities and terminals	Long Term	PPP agreement		IDP/IDIS/Dev Agency/LED
9	Distribution Centres	Long Term	PPP agreement		IDP/IDIS/Dev Agency/LED
10	Dry-docks	Long Term	PPP agreement		IDP/IDIS/Dev Agency/LED
11	Rail Infrastructure	Long Term	PPP agreement		IDP/IDIS/Dev Agency/LED
12	Airports	Long Term	PPP agreement		IDP/IDIS/Dev Agency/LED
13	Toll Roads and systems	Long Term	PPP agreement		IDP/IDIS/Dev Agency/LED
	New Water Provision Infrastructures				
14	New Bulk Water Transport pipelines	Long Term	PPP agreement		IDP/IDIS/Dev Agency/LED
15	New Desalination facilities	Long Term	PPP agreement		IDP/IDIS/Dev Agency/LED
16	New Water Storage facilities	Long Term	PPP agreement		IDP/IDIS/Dev Agency/LED
	Training and capacity building				
17	Local training associated with projects	Medium/long term	PPP Agreement		Project Roll-out
18	Capacity building associated with projects	Medium/long Term	PPP Agreement		Project Roll-out

CATEGORY E PROJECTS: PROJECTS PRIMARILY MEANT TO CREATE NEW JOBS AND TO STIMULATE ECONOMIC GROWTH AND DEVELOPMENT

These projects will mostly be implemented on a private-private basis between IDIS and a project owner (Which project owner can include a private person, business entity, NGO, SOE or Development Agency or another business entity of a Municipality).

No	Project Description	Timeframe	Legal Basis	Estimated Cost (R)	Project Origin
	Manufacturing sector				
1	Industrial Parks	Long Term	Equity Agreement between IDIS/Private Business entity/Development Agency/SOE		Development Agency/ LED Strategy/Private enterprises
2	Small Business Hubs and Mentoring/Support	Long Term	Equity Agreement between IDIS/Private Business entity/Development Agency/SOE		Development Agency/ LED Strategy/Private enterprises
3	Manufacturing of Agricultural products, Clothing and Textiles, Wood and Paper Products, Food products, Printing and recorded media, Chemicals, Pharmaceuticals, Botanicals, Rubber, Plastics, Metals, IT, Electric equipment, Motor vehicles, Transport equipment Furniture, etc.	Long Term	Equity Agreement between IDIS/Private Business entity/Development Agency/SOE		Development Agency/ LED Strategy/Private enterprises
	Agriculture Forestry and Fisheries Sector				
4	Agro Industrial Parks and Agricultural Projects (e.g. Establishment of Agricultural Farm and Processing Facilities, Seedling Nursery, Poultry, Piggery)	Long Term	Equity Agreement between IDIS/Private Business entity/Development Agency/SOE		Development Agency/ LED Strategy/Private enterprises
5	Grain Storage	Long Term	Equity Agreement between IDIS/Private Business entity/Development Agency/SOE		Development Agency/ LED Strategy/Private enterprises
6	Hydroponic Farming Systems	Long Term	Equity Agreement between IDIS/Private Business entity/Development Agency/SOE		Development Agency/ LED Strategy/Private enterprises
7	Fodder Production Systems	Long Term	Equity Agreement between IDIS/Private Business entity/Development Agency/SOE		Development Agency/ LED Strategy/Private enterprises

	Transportation and storage				
8	Harbours, shipyards and bonded warehousing	Long Term	Equity Agreement between IDIS/Private Business entity/Development Agency/SOE		Development Agency/ LED Strategy/Private enterprises
	Accommodation and Food Services				
9	Accommodation, Food and beverage service activities	Long Term	Equity Agreement between IDIS/Private Business entity/Development Agency/SOE		Development Agency/ LED Strategy/Private enterprises
	Tourism sector				
10	Tourism projects (Including nature parks, eco-Tourism, dam-site developments, Hotels and lodges, cable-cars, Rock Climbing, etc) Heritage and Cultural tourism routes, tourism assets and information marketing.	Long Term	Equity Agreement between IDIS/Private Business entity/Development Agency/SOE		Development Agency/ LED Strategy/Private enterprises
	Mining and Quarrying Sector				
11	New Mining projects, Minerals beneficiation, cement Blending, new quarries, brick making.	Long Term	Equity Agreement between IDIS/Private Business entity/Development Agency/SOE		Development Agency/ LED Strategy/Private enterprises
	Construction Sector				
12	Mixed Use Developments, Housing, local and regional Shopping Centres, Offices and Service Centres, Replacement of asbestos roofs.	Long Term	Equity Agreement between IDIS/Private Business entity/Development Agency/SOE		Development Agency/ LED Strategy/Private enterprises
	Health sector				
13	Private Hospitals and clinics, Retirement centres, care centres	Long Term	Equity Agreement between IDIS/Private Business entity/Development Agency/SOE		Development Agency/ LED Strategy/Private enterprises
	Education				
14	New private schools and colleges, pre-primary schools, Student Accommodation	Long Term	Equity Agreement between IDIS/Private Business entity/Development Agency/SOE		Development Agency/ LED Strategy/Private enterprises
	Arts Entertainment and media				
15	Creative, arts and entertainment activities, Libraries, archives, museums and other cultural	Long Term	Equity Agreement between IDIS/Private Business entity/Development Agency/SOE		Development Agency/ LED Strategy/Private enterprises

	activities, Gambling and betting activities, Sports activities and amusement and recreation activities, sports facilities, Arts and Crafts markets.				
	Information and Communication				
16	Publishing activities, Motion picture, video and television programme production, sound recording and music publishing activities, Programming and broadcasting activities, Telecommunications, Computer programming, consultancy and related activities, Information service activities	Long Term	Equity Agreement between IDIS/Private Business entity/Development Agency/SOE		Development Agency/ LED Strategy/Private enterprises
	Professional, scientific and technical activities				
17	Professional services providers, technical testing and analysis, Scientific research and development, Advertising and market research, Veterinary activities	Long Term	Equity Agreement between IDIS/Private Business entity/Development Agency/SOE		Development Agency/ LED Strategy/Private enterprises
	Training and capacity building				
18	Local training associated with projects	Medium/long term	PPP Agreement		Project Roll-out
19	Capacity building associated with projects	Medium/long Term	PPP Agreement		Project Roll-out
	LED				
20	Support for projects mobilised by Economic Development Agencies	Medium/Long Term	Equity Agreement between IDIS/Private Business entity/Development Agency/SOE		Development Agency/ LED Strategy/Private enterprises/beneficiaries
21	Business Process and Outsourcing (BPO) services (can include facilities, customer services, accounting and payroll functions, etc)	Long Term	Equity Agreement between IDIS/Private Business entity/Development Agency/SOE		Development Agency/ LED Strategy/Private enterprises/beneficiaries