

**PART 4: DIGITAL ECONOMY – THE 3RD GREAT  
ECONOMIC REVOLUTION**

**KZN Smart Province  
(KZN Broadband)**

28 SEPTEMBER

**THE PIPELINE SERIES**

**SIDSS  21**

**iNFRASTRUCTURE**  
South Africa

# OUTLINE

*The Presentation covers the following*

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- 1 High Level Project Information
- 2 Investment Plan and Financing Gap
- 3 Capital Required
- 4 Project Risks and Mitigation
- 5 Project Implementation Milestones
- 6 Q&A



# PROJECT

*KZN Smart Province*

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## Project Scope

To build a smart connected Province with broadband infrastructure that enables 4IR technologies, creating a Digital and Knowledge economy of the future.

## Developmental Impact

Create jobs, increase internet connectivity, increase number of SMMEs players in the ICT sector, bridge the digital divide.

## Project Sponsor(s)

Provincial Government

## Implementing Agent

SITA, Broadband Infracore, Sentech, Dube Trade Port and Moses Kotoane.

## Other Key Stakeholders

Local Municipalities



# INVESTMENT PLAN AND FINANCING GAP

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**Estimated Capital Cost R2.48 bn**

**Funding Gap**

**R2.48 bn**

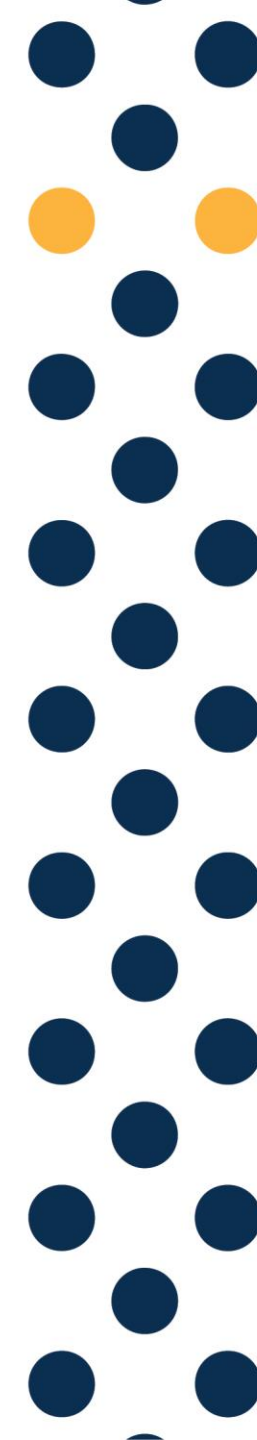
- The provincial fiscus is extremely constrained and the province cannot fund the project.
- A service-based model for government services and a commercialized subscription-based model for consumers will be developed.

Sources of Funding		Uses	
<b>Equity</b>	R'm	Project Identification	R'm
• <b>EDTEA PM Establishment</b>	8 Million	Project Development	
		Bank Debt Process	
<b>Grant Funding</b>		Project Management	
		Other Costs	
<b>TOTAL</b>	<b>8 Million</b>	<b>TOTAL</b>	

# CAPITAL REQUIRED

- The service provider will be required to provide support to PMU Team.
- Conduct Technical and Engineering Assessment on the current provincial broadband network footprint and proposed a cost effective future broadband network footprint that will enable above mentioned project objectives.
- Conduct Environmental Impact Assessment studies on available equipment's the weather conditions could have on the equipment, this is to ascertain proper equipment lifespan on physical equipment to be deployed.
- Conduct Economic Impact Assessment on the Province to determine the effects broadband rollout will have on the province, business, and the society.
- Conduct Legal and Regulatory Assessment on laws that could have a positive and negative impact on the implementation of the project.
- Propose a sound financial modelling for the project and commercialization assessment to determine how the project will generate revenue and refinance the debt.
- Advise on possible PPP funding models best fit for the project of this nature and the Provincial fiscus.
- Provide a Term Sheet template to be utilized for project of this nature.
- Business plan design and funding acquisitions to source funding on behalf of EDTEA.
- Identify key Stakeholders and advise on the process to engage and manage them.
- Identify, Conceptualize and Coordinate Wi-Fi hotspots commissioning as and when required.

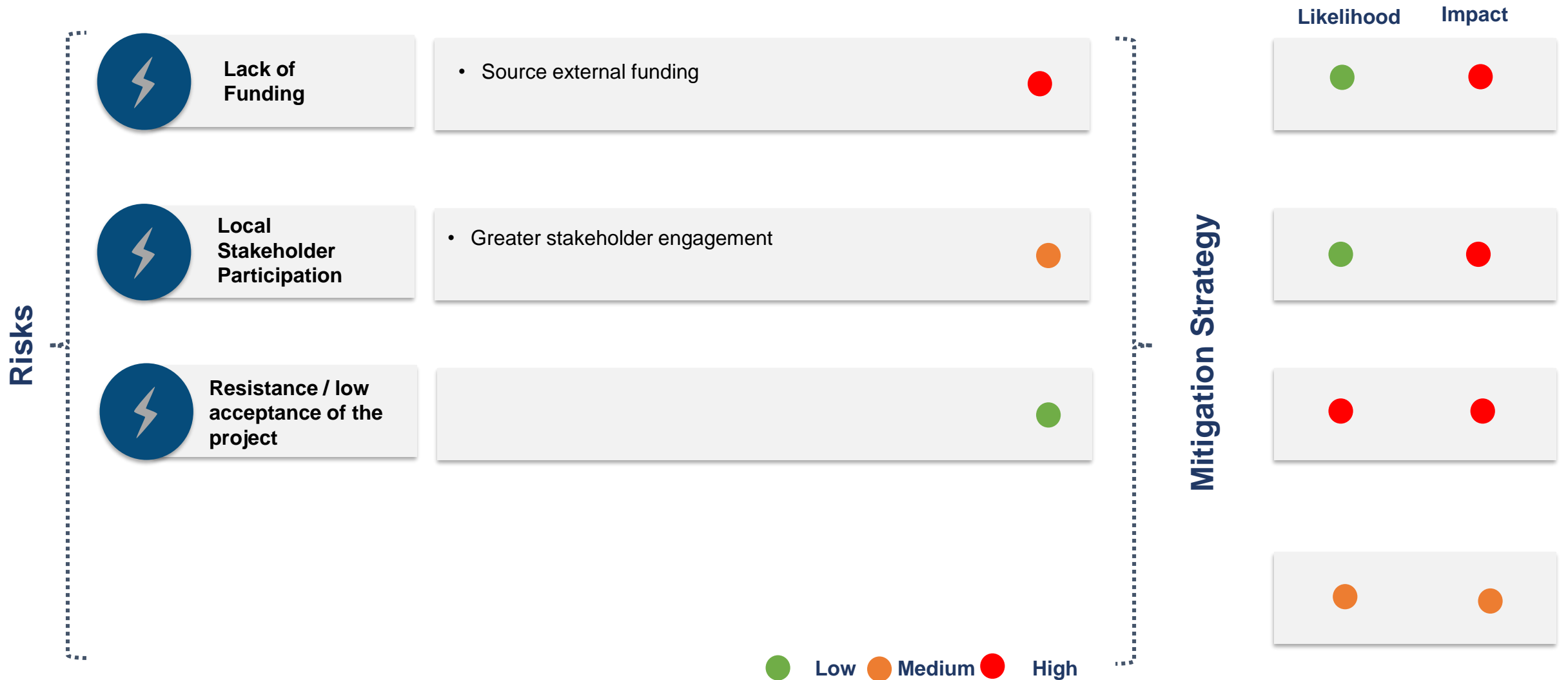
Budget Phasing	2020/21: R TBD	2021/22: R TBD	2022/23: R TBD
<b>Utilisation of Funds</b>	R17 123 260.00 ....	R6 600 000.00 ....	R6 671 000.00 ....
	<u>ACTIVITY</u>		<u>TOTAL</u>
<b>Project Prep Funding Required</b>	<u>Surveys</u>		
	KZN existing and future Broadband infrastructure		R2 500 000.00
	Economic, business and commercialization models		R3 500 000.00
	Travel & Subsistence (T&S)		R350 000.00
	Human capacitation of PMU (3 years)		R9 073 260.00
	<b>Sub Total (R'm)</b>		
	<u>Land valuation</u>		<b>R'm</b>
	<u>Permits and licenses</u>		
	Legal and Environmental Impact		R1 700 000.00
	Insert Name		R'm
Insert Name		R'm	
Other licenses		R'm	
<b>Sub Total (R'm)</b>		<b>R'm</b>	
<u>Lender DD</u>			
Technical		R'm	
Legal		R'm	
Financial		R'm	
Tax		R'm	
<b>Sub Total (R'm)</b>		<b>R'm</b>	
<u>Lender Legal</u>		<b>R'm</b>	
<u>Project Legal Support</u>			
PPA		R'm	
Facility Agreement		R'm	
<b>Sub Total (R'm)</b>		<b>R'm</b>	



# CAPITAL REQUIRED

<b>Broadband Connectivity Costs -</b>	<b>Funding Requirement</b>	<b>Estimated Amount</b>
	1. Network Infrastructure	R 2 169 500 000.00
	2. Fibre and ethernet cables	R 98 500 000.00
	3. Trenching and microwave installation	R 120 000 000.00
	4. Towers and High site build	R 12 000 000.00
	5. POP Build for cross connect	R 17 500 000.00
	6. Installation related costs	R 18 850 000.00
	7. Project Management Office and POCs (36 Months)	R 46 350 000.00
	<b>Total</b>	<b>R 2 482 700 000.00</b>
	<b>VAT 15%</b>	<b>R 372 405 000.00</b>
<b>Total Project Costs Including VAT</b>	<b>R 2 855 105 000.00</b>	

# PROJECT RISKS AND MITIGATION



# PROJECT IMPLEMENTATION MILESTONES



Concept	Pre-Feasibility	Bankable Feasibility	Structuring/Design	Procurement/Contracting	Estimated Construction
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	Year				Year				Year				Year				Year			
	3	6	9	12	3	6	9	12	3	6	9	12	3	6	9	12	3	6	9	12
<b>Stage 1:</b> Network Survey Assessment Design																				
<b>Stage 2:</b> Network Build Procurement Service Level Agreements																				
<b>Stage 3:</b> Commercialization Conceptualization Implementation																				
<b>Stage 4:</b> Economic Modelling Assessment Implementation																				
<b>Stage 5:</b> Stage description Key Activity Detail Key Activity Detail																				





THANK YOU  
Q&A

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