

# Case Study: A Turnkey Solar Factory to Serve South Africa's Agricultural Sector

A strategic framework for establishing solar module manufacturing through joint venture partnerships in South Africa's emerging renewable energy market.

Expert Analysis of Turnkey Frameworks and Agricultural Energy Solutions from J.v.G. Technology GmbH.





**Strategic analysis for  
agricultural energy resilience**



Created as part of the PVKnowHow  
Knowledge Network



Prepared by J.v.G. Technology GmbH -  
European specialists in turnkey solar  
module production lines

# South Africa's Agricultural Energy Crisis

South African agriculture faces critical energy challenges due to severe load shedding, with farmers unable to irrigate at ideal times or with ideal frequency. The unpredictable energy supply has reached its worst levels, with many experiencing eight hours daily without electricity.



## Load Shedding Impact

Agriculture lost R23 billion in 2022 due to crop failure and decreased productivity from load shedding



## Irrigation Dependency

33% of South Africa's total farming income is directly dependent on irrigation systems requiring reliable power



## Cold Chain Disruption

Agriculture requires electricity for irrigation, processing, cooling, cold storage, with many food products requiring an intact cold chain to consumers

# Why Agricultural Solar Manufacturing Matters



## Energy Security

1.5 million hectares of arable land under irrigation, requiring reliable power for pumping water and processing operations



## Local Supply Chain

Reduced import dependencies and faster deployment of solar solutions for agricultural operations and processing facilities



## Cost Mitigation

Reduces reliance on expensive backup generators and prevents spoilage when backup power fails

# Incentives for Foreign Investors

## Section 12B Tax Incentive

- 125% capital allowance deduction for renewable energy investments (2023-2025)
- 100% accelerated depreciation for solar PV systems under 1MW
- Significant cash flow benefits for manufacturing operations
- Supports local content development initiatives

## REIPPPP Access

- Renewable Energy Independent Power Producer Programme opportunities
- Priority consideration for local content suppliers
- Growing agricultural market demand for solar solutions
- Export opportunities through regional trade agreements

# Challenges of Market Entry

## Regulatory Complexity

- Multiple licensing requirements
- Compliance with local content requirements
- Evolving renewable energy policy framework

## Infrastructure Constraints

- Industrial site development requirements
- Power supply reliability for manufacturing
- Logistics network for agricultural distribution

## Market Knowledge

- Agricultural sector business practices
- Government relationship management
- Skilled workforce development for manufacturing

# Why a Local Joint Venture Partner is Essential

## Regulatory Navigation

Established relationships with government agencies and understanding of agricultural incentive procedures

## Agricultural Market Intelligence

Deep knowledge of farming practices, seasonal demands, and agricultural solar application requirements

## Operational Support

Access to agricultural supplier networks, workforce recruitment, and ongoing operational management

## Risk Mitigation

Shared investment exposure and local political risk management through established agricultural presence



# Joint Venture Structure Overview

1

## Partnership Formation

- Foreign investor provides technology and capital
- Local partner contributes agricultural market access and expertise
- Shared governance and operational responsibilities

2

## Manufacturing Setup

- An experienced European turnkey provider supplies production technology
- Local partner manages site selection and agricultural sector engagement
- Joint investment in equipment and facility development

# Legal Framework: Shareholder Agreement

## Ownership Structure

Clearly defined equity split reflecting capital contributions and agricultural market strategic value

## Governance Rights

Board composition, voting rights, and decision-making processes for key operational matters

## Technology Transfer

Intellectual property licensing terms and technology know-how sharing agreements

## Exit Provisions

Buy-sell mechanisms, tag-along rights, and dispute resolution procedures

# Financial Contribution Model

## Foreign Investor Contributions

- Manufacturing equipment: 40-50% of total investment
- Technology licensing and know-how transfer
- Working capital for initial operations
- Technical training and certification programs

## Local Partner Contributions

- Land acquisition and site development: 10-20% of investment
- Building construction and facility preparation
- Local regulatory approvals and agricultural sector licensing
- Workforce recruitment and government relations

# Proven Turnkey Manufacturing Concept

## Technology Platform

Proven turnkey industrial concept with standardized production processes and quality systems

## Equipment Package

Complete production line solution including testing, certification, and commissioning support

## Training Program

Comprehensive technical training for local workforce on production processes and quality control

## Certification Standards

International quality certification ensuring product compliance with agricultural application requirements

# Risk Mitigation Benefits

## Political Risk

- Local partner provides government relationship management
- Shared investment reduces individual exposure
- Compliance with local content requirements

## Operational Risk

- Local agricultural workforce and supplier networks
- Cultural understanding and agricultural market knowledge
- Established distribution channels to farming operations

## Financial Risk

- Diversified investment structure
- Local currency revenue generation
- Access to government agricultural incentive programs

# Alignment with National Goals

## Agricultural Resilience

Supports farming sector energy independence and reduces load shedding impact on food production

## Energy Security

Contributes to domestic renewable energy supply chain and reduces agricultural import dependencies

## Employment Creation

Generates skilled manufacturing jobs and supports local agricultural economic development

## Food Security

Ensures reliable power for irrigation, cold storage, and agricultural processing operations

# Key Project Data

**Capacity**

20-50 MW per year

**Line Type**

Turnkey / semi-automated

**Investment**

Capacity-dependent (business-plan based)

**Target Sector**

Agriculture

**Region**

South Africa

**Model**

Foreign investor + local JV partner

**Source:** PVKnowHow / J.v.G. Technology GmbH

# Strategic Conclusion

## Market Opportunity

South Africa's agricultural energy crisis creates substantial demand for locally-manufactured solar solutions to address load shedding challenges

## Joint Venture Advantage

Partnership structure balances foreign technical expertise with essential local agricultural market knowledge and regulatory navigation

## Implementation Framework

A proven turnkey industrial concept provides reliable path to operational solar module production targeting agricultural applications

# Source & Authorship

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Turnkey Solar Module Production Lines

PVKnowHow Knowledge Network

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