

Foreign direct investment projects

The TIPS Foreign Direct Investment Tracker monitors FDI projects on a quarterly basis, using published information. Eleven projects were captured at different stages of development in the first quarter of 2023, with most as greenfield investments. The published investment value for the quarter amounted to about R47.8 billion from three projects across manufacturing, utilities, services, transport, mining and agriculture. There were further changes to the status of 18 projects previously captured in the Tracker. These were updated accordingly.

Table 1. FDI projects captured in the first quarter of 2023

	Announced	Exploration	Project preparation	Construction/Implementation	Completed
Number of projects	3	1	2	3	2
Value (R billions)	Not reported	Not reported	12.7	35.1	Not reported
Industries	2 Manufacturing 1 Utilities	Mining	2 Utilities	1 Agriculture 1 Manufacturing 1 Utilities	1 Manufacturing 1 Services 1 Utilities
Type	2 Greenfield 1 Expansion	1 Greenfield	1 Greenfield 1 Brownfield	3 Greenfield	1 Brownfield 2 Greenfield
Company	Torsa Global Stellantis DPA Southern Africa	Southern Palladium	Climate Finance Managers/ Bio2Watt Energy Holdings Enel/ TotalEnergies – Mulilo	Terragr Paratus Giyani Metals Corp.	EvansWerks Ducat Trading

Source: TIPS FDI Tracker database

New and existing projects

Agriculture

Terragr is a United Kingdom company that transforms degraded and underutilised land into biodiverse agroforests. The company is developing an agroforest in Mpumalanga for US\$2 billion (R35.1 billion) to be completed by 2030. A third of the 200-thousand-hectare agroforest will comprise non-invasive varieties of bamboo plant, while the rest of the area will include fruit trees, cereal and indigenous crops, and trees. Terragr further plans to undertake create sustainable green energy solutions with the bamboo as a raw material.

Utilities

Sasol and Air Liquide have signed four power purchase agreements (PPAs) in their effort to jointly procure 900MW of renewable-energy capacity from independent power producers (IPPs) by 2030. So far, two PPAs were signed with Enel Green Power to supply 220MW of renewable power which will be sourced from wind projects in the Eastern Cape. TotalEnergies and partner Mulilo also signed two PPAs to supply 260MW from a 140 MW wind project and 120 MW solar project in the Northern Cape. The estimated value of the investment is R12 billion.

Climate Fund Managers (CFM) is a Dutch investment manager that provides financing solutions for sustainable development infrastructure projects across emerging markets. CFM has committed to invest US\$38.5 million (R656 million) in construction equity funding to acquire and subsequently expand the 4.8 megawatt (MW) waste-to-energy Bronkhorstspuit Biogas Project (BBP) to a 9.8MW plant. Bio2Watt Energy Holdings developed and operates BBP.

Distributed Power Africa South Africa (DPA SA) is a joint venture between Cassava Technologies subsidiary Distributed Power Africa and French renewables developer EDF. DPA SA will supply Africa Data Centres (also a Cassava subsidiary) 12MW of renewable solar energy under a 20-year PPA, to all the latter's data centres in the country. DPA is developing a solar farm in the Free State to deliver the power required for the data centres. The value of the investment was not reported.

Manufacturing

Torsa is a Spanish mining technology company that specialises in the design and manufacture of high-tech solutions for heavy industries and the logistics industry. The company is establishing a regional hub in Gauteng which will serve and support activity in sub-Saharan Africa. The firm's market entry is in line with a presidential Memorandum of Understanding (MoU) signed at the end of 2022 by the Spanish Prime Minister and President of South Africa for co-operation in the field of Industry 4.0.

Stellantis is a Dutch vehicle manufacturer with 14 car brands internationally. Brands marketed in South Africa include Alfa Romeo, Opel and Fiat. Stellantis signed a MOU with the Department of Trade, Industry and Competition and the Industrial Development Corporation to establish a manufacturing plant in a Special Economic Zone that is yet to be named. The value of the investment was not reported.

EvansWerks Creative Labs has opened a contract additive and advanced manufacturing services factory. It was established by two United States investors. They provide machine services that include 3D printing designs – utilising materials such as resin and metals – that can be further developed into prototypes and refined to production quality. The Lab also provides various consulting services. While EvansWerks has offices in other countries, this is the company's only manufacturing plant, completed for a sum not yet disclosed.

Giyani Metals is a mineral resource company based in Canada, focused on producing low-carbon high-purity manganese sulphate monohydrate (HPMSM) – also known as battery grade manganese – materials directly from manganese oxide ore, targeting battery manufacturers in the electric vehicle market. Giyani's manganese assets are in Botswana. The company is constructing a demonstration plant that will produce up to 600kg a day of HPMSM crystals in Gauteng.

Mining

Southern Palladium is developing a Platinum Group Metals mining operation in the Eastern Limb of the Bushveld Complex. A scoping has been completed to determine the optimal mining scenario. Drilling is ongoing at the site, with Phase 1 complete. Next steps for the development included a prefeasibility study and submission of a mining right application. The Australian mine developer has not yet disclosed the value of project.

Services

Paratus is a Namibian ICT infrastructure company. The firm is developing a satellite teleport facility for an undisclosed sum. It will provide satellite connectivity to local business and consumers. The facility will be the group's largest teleport, capable of hosting equipment from other providers and customers including antennas and satellite hubs. The facility will further be able to provide services and connectivity during load-shedding.

Transport

Ducat is a global integrated logistics and infrastructure company based in Switzerland. The firm has established a head office in Cape Town, the outcome of four years of planning for its operations in South Africa, Ducat Trading. Local operational focus will include downstream energy distribution and logistics, among other activities and partnerships with local companies.

Updates

At the 2022 investment Conference, Teraco announced that it would invest R1.1 billion towards the construction of a data centre in Gauteng and power generation for facilities across the country. Teraco commenced the construction of JB5 at the end of 2022, the company's new hyperscale datacentre facility set for completion in 2024. In January 2023 Teraco announced that it would be constructing two 100MW solar projects in the Free State to power facilities in Ekurhuleni. The power will be supplied through a wheeling agreement with Eskom.

The third of EDF's wind energy projects – Coleskop – under the Renewable Independent Power Producer Programme (REIPPPP) Bid Window 5 has reached commercial and financial close. Construction has commenced on all three projects including the San Kraal and Phezukomoya Wind Energy facilities with completion set for 2025. The facilities will each have a capacity of 140MW and will be developed for a combined R11.5 billion.

Ardagh Glass Packaging (previously Consol) will be expanding the Nigel production facility further with a third furnace (N3), after commissioning of the second furnace (N2) in 2022. The latest development will increase the manufacturing plants capacity to deliver sustainable glass packaging. They expect to commission new the plant in 2023.

Juwi South Africa and Red Rocket's wolf wind project has reached financial close, and construction of the facility has commenced in the Eastern Cape. They expect to complete construction of the 84MW facility and connect to the grid by the first half of 2024. The project was initially developed by Juwi and successfully bid by Red Rocket in Round 5 the REIPPPP programme.

Rainbow Rare Earths has commenced work towards a definitive feasibility study for the Phalaborwa rare earths project. In the second quarter of 2023, it plan to commission a pilot plant, with work already underway to design and set up the facility. The project aims to develop long-term sources of rare earth elements used in the manufacture of large batteries for electric vehicles and magnets used in the construction of wind farms. Onsite initial work began in 2021, and production is expected to start in 2026.

Karpowership was selected as a preferred bidder in the Risk Mitigation Independent Power Producer Procurement Programme (RMIPPP) 2020. Since then, the Department of Forestry, Fisheries and the Environment has suspended the company's application for the port of Saldanha

Bay – pending an investigation – rejected the Coega application and denied the environmental authorisation for a Port of Ngqura project.

As of the end of 2022, the R3.6 billion Sishen Ultrahigh dense media separation (UHDMS) project is under review. Commission of the project was slated for 2023, and pending the outcome of the review, implementation time frames adjusted. The delay is a result of complications from working on an operating plant. The existing DMS facility is being converted into a UHDMS plant to extend the life-of-mine of Kumba's Sishen iron ore mine to 2039.

The final environmental-impact assessment application for the Musina-Makhado Special Economic Zone (MMSEZ) was approved in mid-2022, and basic construction is underway. The SEZ will further collaborate with USAID on a renewable energy strategy. A consortium led by the Hong Kong Mining Exchange will invest more than R40 billion in the metallurgical SEZ. MMSEZ is facing legal action with civil society organisations asserting the industrial sites will impact the environment negatively.

At the West Wits Mining Witwatersrand Basin (gold) Project first ore was extracted in early 2022 with infrastructure established at Phase 1 of the project, Qala Shallows. Peak funding for this phase is estimated US\$63 million (R1.1 billion). The company plans to start working on Phase 2 on completion the first phase with the scoping study for Phase 2 planned for 2023.

South African Breweries (SAB) completed expansion of its Prospecton Brewery in Durban in November 2022. The investment came to R825 million. SAB's expansion of the Ibhayi production plant is ongoing. The first phase has been completed and when the expansion is concluded SAB would have invested R510 million in the facility. These projects are part of the R4.5 billion SAB committed to invest in 2022.

Orion Minerals is developing the Prieska copper-zinc project and the Okiep Copper project in the Northern Cape. Orion Minerals has secured funding that will allow development of both mines to progress, including completion of feasibility studies and early production plans. The development of Prieska is estimated at R2.25 billion and Okiep at R643 million.

After completing Phase 1 of the expansion of the Krone Endora at Venetia diamond mine, Diamcor made several operational upgrades in the second of half of 2022 including expansions and improvements to the project's final recovery systems. The company further plans to install a supplementary power solution.

Menar Subsidiary Canyon Coal has started development of the first phase of the Gugulethu Colliery, previously De Wittekrans, in Mpumalanga with production expected to start in late 2023. Phase 1 will be completed for R600 million and Phase 2 – the underground section – will be a further R890 million. Canyon further aims to start the construction of Thuso Colliery (formerly Witfontein) during 2023, pending regulatory approvals.

Africa Data Centres is starting construction of the company's second data centre in Cape Town for an undisclosed sum. The 20MW facility will span 12 000 square meters in eight data halls. The facility will start operating in mid-2024.