

Foreign direct investment projects

The TIPS Foreign Direct Investment Tracker monitors FDI projects on a quarterly basis, using published information. The Tracker added 23 projects in the fourth quarter of 2023. Projected investment for the quarter amounts to R476.7 billion, recorded from 10 projects. The other 13 projects have not yet reported the respective project values. The Tracker updated 27 existing projects this quarter.

New and existing projects

Investment announcements in the fourth quarter of 2023 were dominated in value by a proposal to build a sustainable smart city in an unspecified location in the eastern regions of South Africa, for a cost of US\$20 billion (over R350 billion). The project has been publicised widely by URB, an architecture and design company from the United Arab Emirates (UAE) that has no other major projects outside of the Middle East. The other construction project is much smaller but more immediate, as Mercedes Benz plans to partner with Chargify to set up charging stations around South Africa – a critical step toward realising the aspirations of the recent electric vehicle white paper.

Manufacturing and electricity are virtually tied for a distant second to construction this quarter, at R56 billion each. All of the electricity generation projects build renewable off-grid capacity; four form part of the battery storage independent power producers scheme. Announced investments in the services come to R0.3 billion. That figure is a substantial underestimate, however, since most of the services projects did not publish their value. Under transport, an upgrade project for the Durban Container Terminal Pier 2 also did not report a value.

By province, the bulk of announced investments by value were destined for the Western Cape, Mpumalanga and the Northern Cape, while the Free State and North West were not mentioned. The huge, albeit highly amorphous, URB project makes the UAE the source of the largest announced investment this quarter. (Table 2)

Table 2: FDI projects captured in Q4, 2024

INVESTOR COMPANY	COUNTRY OF ORIGIN	VALUE (R BNS)	LOCATION	DESCRIPTION
Construction: R365 billion				
URB	UAE	365	n.a.	Mixed-use sustainable smart city, the Parks, in the “eastern regions”
Mercedes-Benz SA/Chargify	Germany	0.04	National	Installing electric vehicle charging stations countrywide
Manufacturing: R56 billion				
Phelan Green Energy/ Solar Capital	France	47	Western Cape	Green hydrogen and ammonia production plant
Ford	USA	5.2	Gauteng	Expanding manufacturing plant to produce Ranger hybrid model
Gazprombank/ PetroSA	Russia	3.7	Western Cape	Refurbishment of the Mossel Bay gas-to-liquid (GTL) Refinery
Lactalis SA	Bermuda	0.14	Western Cape	Installed evaporator dryer powder plant in a new building
Electricity: R55.6 billion				

INVESTOR COMPANY	COUNTRY OF ORIGIN	VALUE (R BNS)	LOCATION	DESCRIPTION
POWGEX-HYFI Joint Venture (JV)	US/Australia	45.5	Mpumalanga	1 gigawatt (GW) solar power facility
EDF Renewables/Mulilo	France	6.9	Northern Cape	Developing three projects under the Battery Energy Storage Independent Power Producer Programme: Oasis Mookodi, Oasis Aggeneis, Oasis Nieuwkoop
Scatec/Perpetua Holding	Norway	3.1	Northern Cape	Developing the Mogobe (Ferrum) under the Battery Energy Storage Independent Power Producer Programme
Mercedes-Benz South Africa	Germany	0.1	Eastern Cape	Adding 12.6 megawatts (MW) of energy with roof top solar panels
Voltaia	France	Not reported	Limpopo	148 MW solar photovoltaic (PV) power plant that will supply power to Richards Bay Minerals
CVE and Saint-Gobain	France	Not reported	Multiple locations	CVE will supply about 140 GW hours of solar electricity under 20-year power purchase agreement (PPA) to Saint-Gobain
Phelan Green Energy/Solar Capital	Ireland	Not reported	Northern Cape	86 MW solar PV power plant
Samancor Chrome/CGN Energy	China	Not reported	Limpopo	60 MW solar PV plant and battery storage system to power the Tubatse Ferrochrome smelter
Services: R 300 million				
Amazon	US	Not reported	North West	Amazon digital marketplace platform
Mastercard	US	Not reported	Gauteng	Technological infrastructure for processing transactions and a data centre
Moove	Netherlands	0.3	Multiple locations	Purchasing new vehicles in expanding the business
Open Access Data Centres	France	Not reported	Western Cape	Implement phase 2 of the Isando (data centre) hub expansion
Teraco	US	Not reported	KwaZulu-Natal	Expansion of DB1 data centre
Teraco	USA	Not reported	Western Cape	Expansion of CT2 data centre
Transport: Not reported				
Transnet/International Container Terminal Services (ICTSI)	Philippines	Not reported	KwaZulu-Natal	Refurbishing Durban Container Terminal Pier 2

Source: TIPS FDI Tracker database

Note: Numbers may not always sum to the exact total investment amounts due to rounding.

Greenfield projects make up the majority of the announced investments by both value and number. Most projects have still not begun construction or operation.

Table 3: FDI value by investment stage and type Q4, 2023, in billions of rand

INVESTMENT STAGES		ANNOUNCED	PROJECT PREPARATION	CONSTRUCTION/IMPLEMENTATION	COMPLETE	TOTAL VALUE	NUMBER
Investment type	Greenfield	375	92.5	Not reported	Not reported	467.5	12
	Upgrade	8.9	-	0.04	-	8.9	4
	Expansion	0.3	-	-	Not reported	0.3	4
	Brownfield	0.1	-	-	0.14	0.24	2
	Not reported	Not reported	-	-	-	-	1
Value		384.3	92.5	0.04	0.14		
Number		13	3	3	4		

Source: TIPS FDI Tracker database

Note: Numbers may not always sum to the exact total investment amounts due to rounding.

Updates

Table 4 shows the 28 projects updated in the fourth quarter of 2023. Broadly, the Tracker noted progress across renewable energy generation projects as well as some investments announced at the 2023 South African Investment Conference.

Among the six investments completed in the fourth quarter 2023 are Scatec's three Kenhardt hybrid solar projects, under the 2020 Risk Mitigation Independent Power Producer Procurement Programme (RMIPPPP). The Kenhardt facilities are the only operational projects – out of 11 – under the risk mitigation scheme. Another two are being rolled-out as of the fourth quarter 2023. Three additional completed projects, by Futurelife, South African Breweries and Moove, were announced at the 2023 South African Investment Conference.

Nine projects progressed to construction this quarter. In addition to the risk mitigation electricity projects already noted, they include investments by Defy, Ener-G-Africa and Procter and Gamble. These projects were all announced at the 2023 Investment Conference. The six projects that reached project preparation this quarter include investments under the Renewable Energy Independent Power Producer Programme. These projects that are nearing construction have received relevant authorisations and achieved financial closure.

Two Karpowership projects that fall under the risk mitigation for electricity scheme have begun to seek regulatory approvals, as noted in Table 4. This step is significant because the projects have been delayed by substantial legal challenges.

One project will no longer proceed following a decision by the competition authorities. That is the sale of Sasol's sodium cyanide business, which would have been accompanied by an investment to update the plant.

Table 4: Projects updated in Q4, 2023

PROJECT	COMPANY	ANNOUNCED VALUE (R BNS)	SECTOR	PROGRESS UPDATE
Complete				
RMIPPPP: Scatec Kenhardt (1 -3)	Scatec	14.8	Utilities	Commenced electricity supply to the national grid in the Northern Cape
FutureLife KZN investment	FutureLife/ PepsiCo	0.1	Manufacturing	Opened Futurelife factory at Dube TradePort
SAB 2023 investment programme	SAB/ AB Inbev	5.8	Manufacturing	Completed civil works and installation of new equipment for the Prospecton and Ibhayi breweries.
Moove mobility fintech expansion	Moove	0.3	Services	Invested in the purchase of more than 2 000 vehicles in Cape Town and Johannesburg
Paratus teleport	Paratus	Not reported	Services	“Goedehoop Teleport” facility has been launched, with a few aspects being finalised
Ardagh Glass Packaging - Africa expansion: N3 Furnace	Ardagh Glass Packaging – Africa	1.5	Manufacturing	New furnace named “N3”, and four production lines added
Construction/implementation				
Pan African Resources Mintails Mogale Gold Project	Pan African Resources	2.2	Mining	Construction started in July 2023; funding closed. The commissioning of the project is expected in the latter half of 2025.
Thaba JV: PGM's ore treatment	Sylvania Metals/ Limberg Mining Company	0.693	Mining	Early works construction started
Makhado hard coking coal project	MC Mining	0.4	Mining	Phase 2 early works construction has commenced, design of coal processing plant and related infrastructure ongoing, funding to expected to be completed in early 2024.
RMIPPPP: Umoyilanga hybrid renewable project	EDF Renewable/ Perpetua holdings	14.6	Utilities	Project achieved legal and financial close with early works and construction commencing; signed PPA with Eskom and implementation agreement with DMRE
RMIPPPP: Acwa Power Project DAO	ACWA Power	15.0	Utilities	The PPA has been signed with Eskom and the project is under construction.

PROJECT	COMPANY	ANNOUNCED VALUE (R BNS)	SECTOR	PROGRESS UPDATE
Defy facilities investment	Defy/Arcelik	0.3	Manufacturing	Implementing investment to modernise infrastructure and upskill employees.
Ener-G-Afrika manufacturing operation	Ener-G-Africa	0.135	Manufacturing	Manufacturing line for energy-efficient cook-stoves started, planning to start expansion of solar plant at the end of 2024.
P&G facilities expansion	Procter and Gamble	0.130	Manufacturing	Launched new Pampers manufacturing line as part of bigger expansion project.
Teraco "JB4" data centre infrastructure expansion	Teraco	4.4	Services	Commenced phase 2 of the JB4 datacentre
Project-preparation				
RMIPPPP: Oya Energy hybrid facility	G7 Renewable Energy/ ENGIE	*1	Utilities	Achieved commercial close
RMIPPPP: Mulilo Total Hybrid renewable project	TotalEnergies/ Hydra Storage Holdings/ Reatile Renewables	1.8	Utilities	Signed 20-year PPA with Eskom and reached financial close in December. Mulilo is no longer listed as local partner, with Hydra Storage Holdings and Reatile added
Sumitomo Rubber South Africa: Dunlop capital expenditure	Sumitomo	1.7	Manufacturing	Confirmed value of project and plans to upgrade and modernise the manufacturing facility
REIPPPP BW5: Grootspuit Solar PV Project	ENGIE Africa/Pele Green Energy	1.4	Utilities	Project achieved financial close
REIPPPP BW5: Graspan Solar PV Project	ENGIE Africa/Pele Green Energy	1.4	Utilities	Project achieved financial close
Sasol and Air Liquide renewable-energy project.	Mainstream Renewable Power	Not reported	Utilities	Sasol and Air Liquide signed a 20-year PPA with Mainstream Renewables Power for long-term supply of 97.5 MW capacity renewable energy for Sasol's Secunda site
Early stage developments: regulatory approvals, studies and exploration				
Sasol/ ArcelorMittal decarbonisation initiatives:	ArcelorMittal/ Sasol/ Mainstream Renewables	12.0	Manufacturing	Initiated study into production of green hydrogen directly reduced iron at Saldanha Steel Works

¹ Value of the investment was reported in the media as one with the RMIPPPP: Umoyilanga hybrid renewable project.

PROJECT	COMPANY	ANNOUNCED VALUE (R BNS)	SECTOR	PROGRESS UPDATE
Saldanha green hydrogen				
Risk Mitigation IPP: Karpowership SA Saldanha	Karpowership SA	10.9	Utilities	Environmental impact authorisation approved after appeals against the project; plan to move towards financial closure
Risk Mitigation IPP: Karpowership SA Richards Bay	Karpowership SA	10.9	Utilities	EIA was approved; however, it is being appealed by civil society groups. Will be delayed pending the appeals process
HySHIFT hydrogen project	HySHIFT Consortium	0.3	Manufacturing	Feasibility study underway, project short listed to bid for offtake agreement under German H2Global platform
Envusa - Anglo American and EDF renewable energy business	Envusa/Anglo American/EDF Renewables	Not reported	Utilities	NERSA issued electricity trading licence for the Envusa Energy. Three projects closed under Envusa Energy joint venture.
Cancelled				
Draslovka expansion and plant upgrades	Draslovska South Africa/Sasol	0.797	Manufacturing	Competition Tribunal reaffirmed Competition Commission 2021 judgement to prohibit the proposed sale of Sasol's sodium cyanide business

Source: TIPS FDI Tracker database.