



FDI PROJECTS DATABASE

TIPS DEVELOPMENT DIALOGUE
8 FEBRUARY 2017

Why a new database?

1. Compliment to SARB data
2. Questions current data cannot quite reach
 - Why do companies invest?
 - What concerns do investors have?
 - What role does government play?
 - Micro-dynamics: location, type, sector, timelines
3. An ongoing record of investments in the country

FDI Projects Database

METHODOLOGY

FDI COLLECTION METHODOLOGIES

1. Technical Methodology

- Reserve Bank
- Very high quality, most accurate macro-level data
- Sometimes misses details on specific dynamics

2. News Coverage

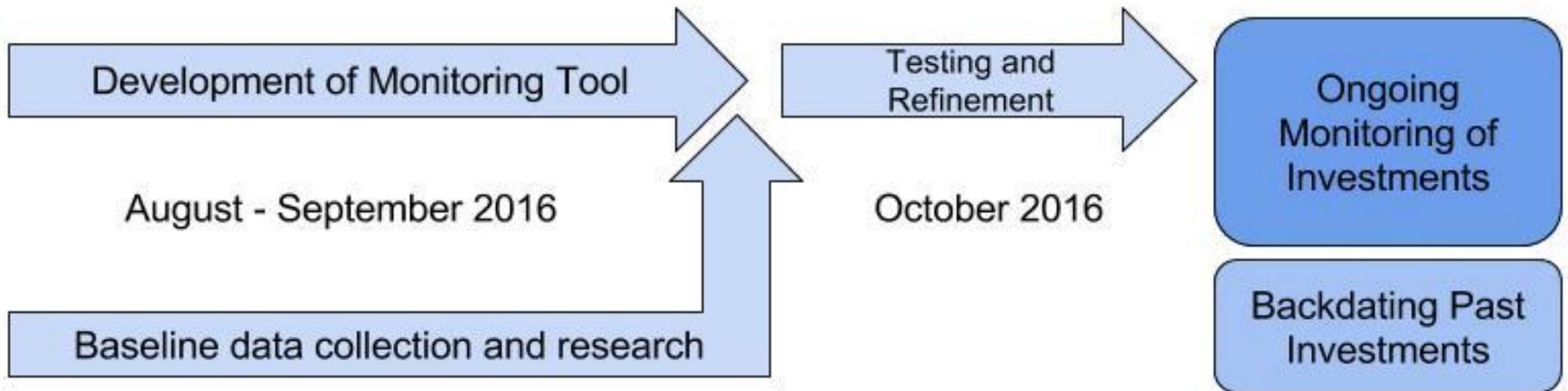
- Financial Mail, WOW
- Provides specific details
- But behind pay walls, not comprehensive

3. Surveys & Sampling

- Edge Institute, academic studies
- Provides details on motivations, experience of investor
- But a select sample

**Combination of online news monitoring
and follow-up interviews**

PROGRESS THUS FAR





METHODOLOGY

DEVELOPMENT

DEXTER

1. Monitoring of projects is completed by an online tool called Dexter
2. Developed by Media Monitoring Africa
 - Used to monitor dynamics in SA news reporting
 - Ongoing scanning of all major news outlets, plus local/regional news
3. Dual Analysis system
 - Automatic capture of identifiable variables
 - Eg. Companies, places, names, values
 - Researcher then validates the information, and captures more additional available information from the article

Adapting Dexter for FDI monitoring

DATA SOURCES

1. Traditional news outlets
2. Industry specific outlets
 - Agriculture, mining, construction, etc.
3. Government Outlets
 - GCIS, SANews, BrandSA, the DTI
4. Company websites
 - Monitoring ongoing investments
 - Capturing new investments from major firms
5. Local news outlets
 - Specifically for smaller projects

FDI Database Outputs

1. Name of project
2. Value of investment
3. Temporary employment
4. Permanent employment
5. Company investing
6. Sector
7. Origin of investment (country and city)
8. Location of investment
9. Type of investment (Greenfields, Brownfields, etc)
10. Investment start date
11. Investment end date
12. Current phase (Feasibility, Construction, etc)



METHODOLOGY

INTERVIEWS

FOLLOW UP INTERVIEW

FDI Projects Database

Motivation

What were the key reasons motivating your investment in South Africa?

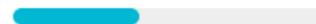
Your answer

Are you investing with an eye to selling to the domestic market, the regional market or the international market?

Your answer

BACK

NEXT



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10. Investment start date
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12. Current phase (Feasibility, Construction, etc)
- 13. Motivations for Investment**
- 14. Target Market (Domestic, Regional International)**
- 15. Government involvement (government agencies/departments interacted with)**
- 16. Government rating (rating of experience of interaction with government)**
- 17. Community/Social Benefit Projects (BBBEE, community outreach programmes, etc)**

TESTING

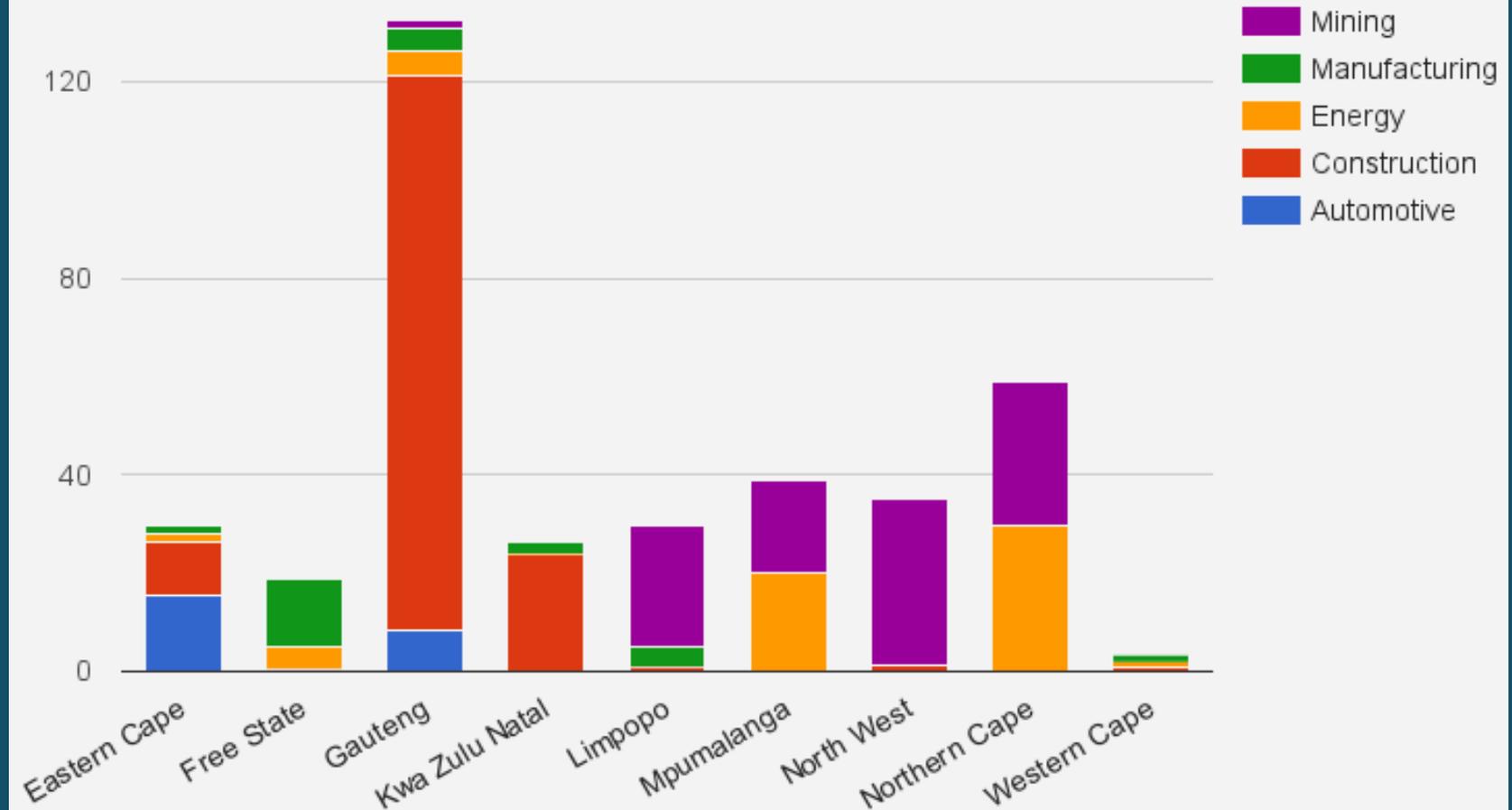
BASELINE DATA

R373.82 billion

98 Projects

Total Investment in Baseline Sample

Investment by Province and Sector, Baseline Sample



LIMITATIONS

1. Not Comprehensive

- The headline investment figures **will not** reflect total inward investment, for three core reasons
- Only big projects: not internal financial movements or small projects
- Only as good as reporting: lots will be missed
- Flaws and limitations in our monitoring

2. Some sectoral biases

- Some sectors more visible than others
- Agriculture, for example, not well covered

3. Complexity of Time Line

- Database reports when investment is announced
- But investment capital may enter over a long period of time

PRELIMINARY RESULTS

CONTAINED IN EACH REPORT

1. New investments
2. Updated investments
3. Detailed profiles of all above investments
4. Longitudinal Data
5. Insights from new data
6. Context Information
 - Local investments
 - Acquisitions and capital raising
 - Global economic context

PROJECTS, Q4 2016

Newly Announced

3M investment in Maple Park plant

Pre-Construction

Coal IPPs: Thabametsi and Khanyisa

Construction

Cipla Biotech Manufacturing Facility

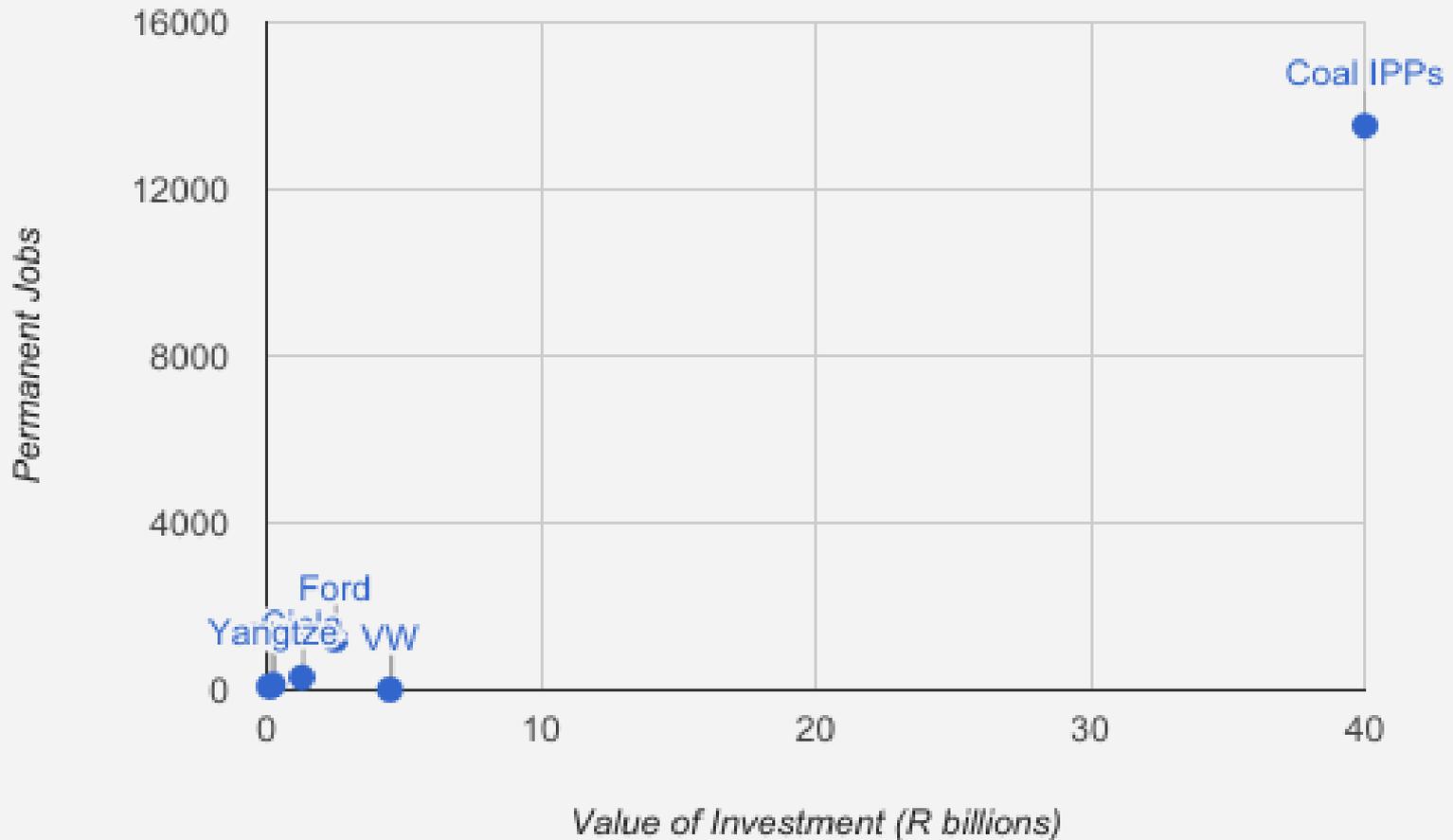
Complete

Volkswagen SA Upgrading at Uitenhage plant

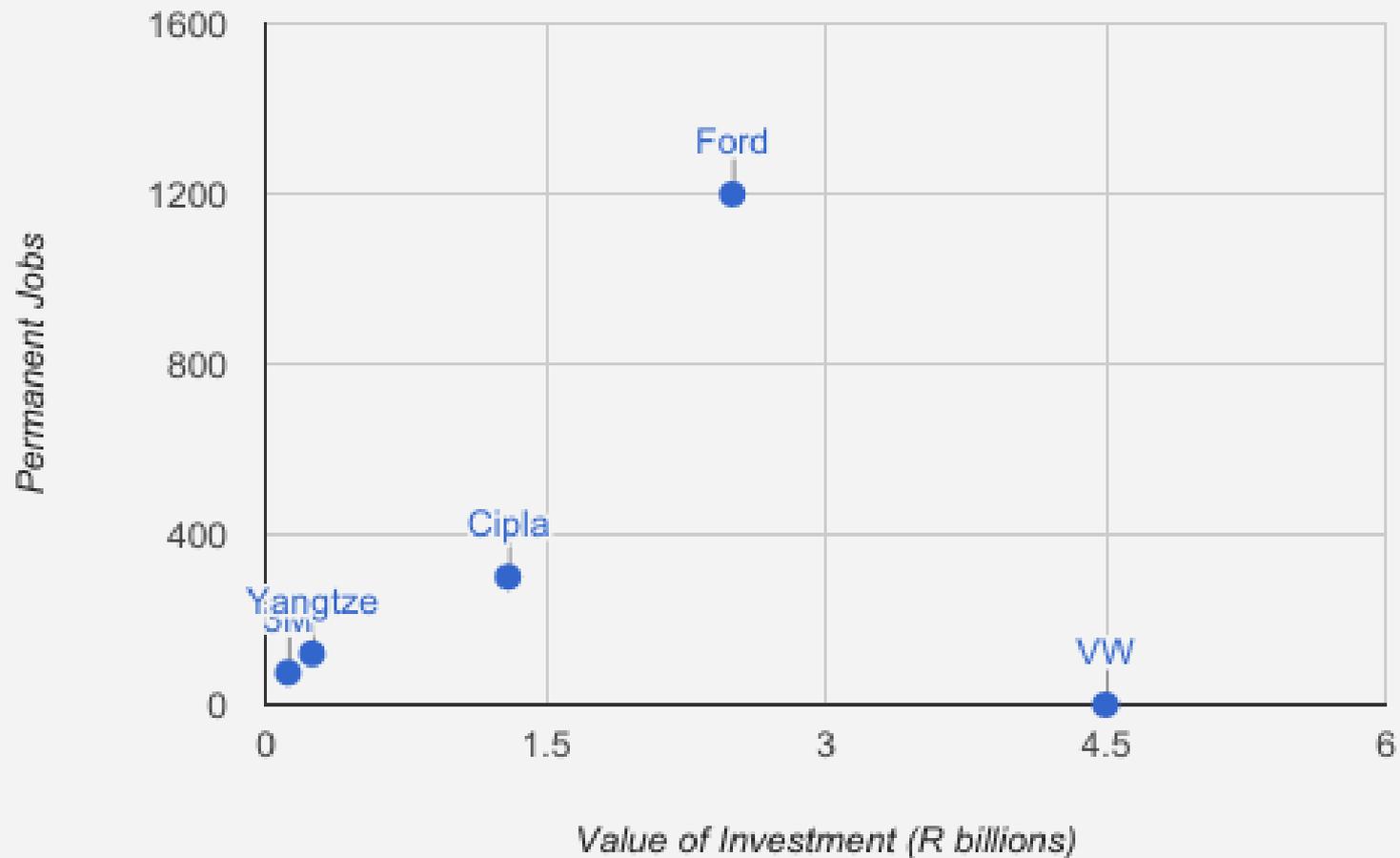
Ford Silverton Expansion Project

Yangtze Optics Africa Cable (YOAC) factory

Jobs and Investment for Projects in Q4 2016



Jobs and Investments for Projects in Q4 2016



INVESTMENT UPDATE: Yangtze Optics Africa Cable (YOAC) investment in Dube Trade Port

Name of Firm(s) Investing	Yangtze Optics Africa Cable (PTY) (LTD)
Value of the Investment	ZAR 250 Million
Location of Investment	Dube TradePort, Durban, Kwazulu Natal
Parent Company	Yangtze Optical Fibre and Cable Company Ltd (YOFC)
Country of Origin	China
Type of Investment	Greenfield
Sector of Investment	Information Communications Technology
Description	New 15 000 m2 optical-fibre cable manufacturing facility that will have the capacity to produce 1 million fibre kilometres per year.
Investment Timeline	Announced in December 2015, the facility is expected to be fully operational in 2017.
Status	Construction completed, end-2016
Motivation for Investment	South Africa's broadband programmes. The large population is a market for fibre cable.
Target Market	Domestic and regional; current focus is South Africa with aspirations to expand into the SADC region.
Social Benefit Programmes	None
Government engagement	Department of Trade and Industry (the dti) 12i Tax Allowance Incentive
1-10 Rating of government engagement	Rating of 7, investor quite satisfied with service. However, they found the countries visa rules cumbersome to progress of the project in relation to the movement of Chinese personnel working on the project.
Employment Opportunities	120

NEW INVESTMENT: 3M investment in Maple Park plant

Name of Firm(s) Investing	3M South Africa
Value of the Investment	ZAR 120 million
Location of Investment	Pomona, Kempton Park
Parent Company	3M
Country of Origin	Minnesota, United States of America
Type of Investment	Upgrading
Sector of Investment	Manufacturing
Description	The upgrade entails improvements in the facility to ensure production efficiency in manufacturing products in the automotive and scourer sectors of the business.
Investment Timeline	Announced in 2016.
Status	To date, only information on the announcement.
Motivation for Investment	Confidence in South Africa as an investment destination and the future of the country as a regional manufacturing hub.
Target Market	Domestic
Employment Opportunities	75 Skilled Jobs

TRENDS

1. Role of Government

- SEZs: Investments in Dube Trade Port, Coega
- Incentives: 12i
- Procurement
- Mostly happy with performance, although some concerns: Visas, sentiment of opposition to investment

2. Productivity and Job Creation

- High skilled job creation
- Automation and Productivity Upgrading

3. Bias Towards Established Investors

- Mostly investors with an established presence in the country
- Where new, government link

CONCLUSION

ISSUES TO DISCUSS

1. What other questions need to be asked?
2. How can more projects be captured by the project?
3. What is missing?
4. Generally, what changes should be made?

Thank you