



TRADE & INDUSTRIAL POLICY STRATEGIES

TIPS  
TRACKER



Tracking quarterly trends and analysing foreign direct investment, imports and exports

# FOREIGN DIRECT INVESTMENT TRACKER

## FIRST QUARTER 2021

Compiled by Kelello Mashiane and Muhammed Patel

### TIPS TRACKERS

TIPS FDI Tracker monitors inward foreign direct investment projects. It reports on new FDI projects, analyses these, and adds them to an ongoing list of investment projects.

TIPS Export Tracker provides updates on export trends, and identifies sectors and products that are performing well and those that are lagging.

TIPS Import Tracker provides an overview of import patterns and looks at the causes of surges in manufacturing imports, and their likely impact on industry.

Trade & Industrial Policy Strategies (TIPS)

info@tips.org.za | +27 12 433 9340 | www.tips.org.za

## CONTENTS

FDI Projects, Q1 2021.....	3
New FDI projects.....	3
Utilities.....	3
Manufacturing.....	4
Mining.....	5
Services and transport.....	6
Updates.....	6
Progress.....	6
FDI Trends, Q1 2021.....	7
Investment values.....	7
Investment stages.....	8
Investment type.....	9
Investment by location and industry.....	9
Investment by country of origin.....	12
Investment environment.....	13
Barriers and constraints.....	17
Credibility classification.....	18
<b>INVESTMENT PROFILES, Q1 2021.....</b>	<b>20</b>
<b>REFERENCES.....</b>	<b>29</b>
<b>APPENDIX.....</b>	<b>30</b>
Figure 1: Value of FDI by location, R billion, Q1 2021.....	10
Figure 2: Value of FDI projects industry by subsector, R billion, Q1 2021.....	11
Figure 3: Value of FDI projects by origin, R billion, Q1 2021.....	12
Figure 4: Value (R billions) and count of FDI projects by target market, Q1 2021.....	13
Figure 5: South Africa's inward investment.....	14
Figure 6: Gross fixed capital formation (GFCF).....	15
Figure 7: Purchasing Managers' Index (PMI).....	16
Figure 8: SARB leading indicator.....	17
Table 1: Investment stages.....	8
Table 2: Investment type.....	9
Table 3: Classification of project by credibility of investment pledge.....	18
Table 4: Project credibility grading.....	19
Table 5. Investment-related metrics used in the analysis.....	30

## ABOUT THE FDI TRACKER

The FDI Tracker traces the foreign direct investments that are made in South Africa every quarter, based on publicly available and published data. This information is synthesised into a database and categorised across a number of important variables. These include investment values, project timeframes, number of jobs created, and the identity of the investor, among others. The Tracker also includes an analysis of the investment environment within the country, analysing key metrics of investment activity. Due to the sensitivity of private investment data, all variables cannot be publicly accessed, and when this is the case, the absence of data and assumptions are noted.

The FDI Tracker aims to assist policymakers and other relevant stakeholders in understanding the types of investments made each quarter. It also assists in assessing the extent to which pro-investment policies support actual investments. Extracting the barriers and constraints investors face indicates policy blockages that can be removed to improve the investment environment and hence economic growth.

New Investments refer to investments that were not previously captured in the database. The investment is dated from when it first appears in the database. Updated Projects refer to any substantial change in a project already profiled.

The new projects for the quarter are included as comprehensive profiles at the end of the report.

## FDI PROJECTS, Q1 2021

The Tracker captured 18 projects in the first quarter of 2021. The total pledged investment value for the quarter amounted to about R64.5 billion from 16 projects. Monitoring further recorded 18 750 employment opportunities from 10 projects. This consisted of 15 366 permanent jobs and 3 384 temporary employment opportunities. Most of the employment opportunities derive from seven projects, selected as preferred bidders in the Risk Mitigation Independent Power Producer Procurement Programme (RMIPPPP). Ten projects were updated in this period.



### New FDI projects

In the first quarter 2021, investment was led by projects in utilities in both numbers and investment value. This is mainly attributed to projects announced under the RMIPPPP. Also notable in utilities are self-generation renewable energy projects. The Tracker identified only one project in manufacturing this quarter, Ford Motor Company Southern Africa’s new investment programme. This significant investment is also the largest single project captured in this period. Projects are grouped by sector for the purposes of project description.

### Utilities

The Department of Mineral Resources and Energy initiated the RMIPPPP, through which the department will be procuring 2 000 megawatt (MW) of new emergency generation capacity from a range of sustainable technology sources to supplement South Africa’s energy requirements. Eight successful preferred bidders were announced, and seven involve foreign investors. The projects have a combined R45 billion<sup>1</sup> investment value. The projects have a 20-year power purchase agreement with Eskom. As a requirement, all the projects must be operational, and connected to the national grid at the latest by end of 2022. The projects are as follows:

- Karpowership SA, a subsidiary of the Turkey-based Karadeniz Energy Group, plans to deliver “powerships”. These are specially modified vessels that function as floating power stations that convert liquified natural gas (LNG) to produce electricity. Five of the ships are the actual powerships, while the other three vessels are known as “floating storage regasification units”, which convert imported supplied liquid gas to gaseous form. The fleet of floating power stations will be docked at the ports of Ngqura (Coega) in the Eastern Cape, Saldanha in the Western Cape, and Richards Bay in KwaZulu-Natal. The estimated value for the projects totals R29.6 billion.<sup>2</sup>
- Total Gaz – a division of French oil and gas company Total – in partnership with South African renewable energy firm Mulilo will develop two RMIPPPP projects as Mulilo Total. The Mulilo Total Coega project combines solar photovoltaic (PV) and reciprocating gas engines to supply

<sup>1</sup> The individual values for the projects have not yet been disclosed. For purposes of analysis in the Tracker, estimates of the individual values were calculated based on the contracted generation capacity of each project.

<sup>2</sup> The Karpowership projects have been the subject of contestation, with DFFE refusing the applications for environmental authorisations. (The Department of Environment, Forestry and Fisheries changed its name in April 2021 to the Department of Forestry, Fisheries and the Environment (DFFE)).

197.76MW of contracted capacity. It will also deliver a 75MW hydra storage facility in the Northern Cape. This is a hybrid electricity generation plant comprising solar PV technology, a battery energy storage system (BESS) and emergency backup diesel or gas generators. It is named the Mulilo Total Hydra Storage (MTHS). The estimated value for the Coega project is R4.8 billion and MTHS is R1.8 billion, that is overall R6.6 billion from Mulilo Total.

- ACWA Power’s Project DAO will be supplying 150MW of power from a technology mix comprising solar PV, BESS and a diesel power plant. The facility will be located in the Northern Cape. The projected value for this investment is about R3.7 billion.
- EDF Renewables (South Africa) will develop the Umoyilanga Energy project for an estimated R1.8 billion. EDF Renewables (formerly InnoWind) is a subsidiary of EDF Energies Nouvelles, the renewable energy arm of global French utility firm EDF. Umoyilanga will be a combination of LPG, wind, solar, and battery storage (BESS) technologies. The project comprises two sites in two provinces, Dassiesridge Hybrid Energy facility in the Eastern Cape and the Avondale Hybrid Energy facility in Northern Cape. Dassiesridge comprises a 77.8MW wind farm, 6MW diesel generator and a 45MW BESS with three-hour storage capacity. Avondale is a 138 MW solar PV facility with six MW diesel generators and 30MW BESS, and it will also have a three-hour storage time. The project will be implemented by EDF Renewables (South Africa) in association with Perpetua Infrastructure. The project has submitted an application for an electricity generation licence.

Beyond the RMIPPP projects, two other projects fall within the utilities categorisation. Project Blue Oval is a part of Ford’s vision to develop an integrated renewable energy solution. Ford is launching the initiative with a R135 million 13 MW solar installation. It will comprise specially developed and locally manufactured solar PV carports. The structures will comprise more than 31 000 solar panels covering parking bays that are capable of accommodating about 4 200 vehicles. The solar carports will further fulfil approximately 30% of the Ford Silverton plants annual power requirements. The solar carports were developed and will be installed by local firm SolarAfrica. The company created a custom-made cantilever carport for the project, specially designed to offer hail protection for the finished goods vehicle inventory. Ford’s ultimate aim is to have the entire Silverton assembly plant energy self-sufficient and completely carbon neutral by 2024, achieving “Island Mode” – complete independence from the national power grid and municipal services. To accomplish this, Ford is planning an integrated renewable and co-generation energy mix comprising solar PV, biomass, biogas and bio syngas for all electricity, gas and heating requirements (Ford, 2020). The company also plans to introduce 100% water recycling, where all non-fermentable waste will be repurposed through a pyrolysis system to produce syngas. For the next phase, Ford is investing using biomass as a source of renewable energy.

Chinese manufacturing company Hisense announced plans to implement a solar energy solution to meet power needs at the firm’s Atlantis factory. Once complete, the factory will be fully off-grid, able to entirely meet its own energy needs. The project entails the installation of more than 2 500 solar panels with the capacity to produce 1.9 million kilowatts (kWh) per hour of renewable energy annually.

## Manufacturing

Ford is modernising the Silverton Assembly Plant and expanding production of the new Ranger model. The estimated project value is US\$1.05 billion (R15.8 billion). Over half of the investment, US\$686 million (R10.3 billion) will go towards extensive upgrades of the assembly plant. These include a new body shop, incorporating the latest robotic technology and a high-tech stamping plant. The two facilities will be in one location, for the first time, streamlining the manufacturing process at the plant while reducing overall cost and waste. The new stamping plant will use a high-speed line to produce

all the major sheet metal components for the new Ranger. Ford will also build new modification and training centres. Upgrades will also be made to the box line, paint shop and final assembly to improve vehicle flow within the plant. The container and vehicle yards will also be expanded. The annual installed storage capacity at the Silverton plant will increase to 200 000 vehicles from 168 000. This will support production of the new Ford Ranger pickup truck for the domestic market and for export to global markets. The plant also will manufacture Volkswagen pickups trucks as part of the Ford-VW strategic alliance. The balance of the investment US\$365 million (R5.5 billion) will upgrade tooling at major supplier factories. Ford has further indicated that the firm's investment at the Tshwane Automotive Special Economic Zone will be in a new chassis line.

## Mining

Kumba Iron Ore's ultrahigh dense media separation (UHDMS) project is an initiative that will extend the life-of-mine of Kumba's Northern Cape Sishen iron ore mine to 2039. Kumba has committed R3.6 billion to the project. The UHDMS technology separates ore and waste when ore is put through a bath of ferrosilicon, ore sinks and the waste floats. This means better beneficiation that allows for an upgrade from about eight-million tonnes per annum of ore to 20-million tonnes per annum, which can essentially bring about 130 million tonnes of reserves into Kumba's portfolio, extending the life-of-mine.

Pan African Resources is undertaking the Egoli gold project at the Evander gold mine in Mpumalanga. The US\$66 million (R1.05 billion) project is expected to extend the life of the Evander operation. Egoli will be an underground operation with an initial life-of-mine of nine years based on findings of a feasibility study completed in 2020. Gold production over this initial period is estimated at 72 000 ounces per annum at an average head grade (grade of ore fed into a mill for processing) of 6.61 grams per tonne (g/t) of gold and a recovered grade (content of ore after processing) of 5.21 g/t. Egoli requires a lower capital investment compared to other developments of a similar size. It will leverage off existing shaft and plant infrastructure, which will be refurbished, in addition to a haulage system. It is positioned within Evander mine's existing mining right area, valid till 2038. The first gold is expected after a 20-month construction period. The project will be funded in two tranches, R400 million in phase one towards dewatering the 7 Shaft decline, equipping the decline and shaft, and initial mine development. The second R800 million will fund continuing development of the project over the construction period.

MC Mining is developing Makhado coking and thermal coal project in Limpopo. It will be an open pit mine with estimated reserves of 188 million tonnes and will be the only producer of hard coking coal in South Africa. The current estimated value for the project is R433 million. The project will be rolled out in two phases and construction is planned for the first half of 2021. Makhado Phase 1 and Phase 2 already have domestic and export hard coking coal offtake agreements. Arcelor Mittal South Africa (AMSA) is among firms that have signed an offtake agreement. AMSA concluded the contract for about 85% of first phase coking coal from Makhado, equal to about 460 000 tons annually.

MC Mining is also investing in the Greater Soutpansberg Project (GSP). Located in the Limpopo Soutpansberg coalfield, it comprises three mining project areas – the Mopane, Chapudi and Generaal Projects. GSP is envisioned as a long-term coking coal asset. MC Mining submitted mining right applications for the three GSP project areas to the Department of Mineral Resources and Energy (DMRE) in 2013. The Makhado project is the most recent project granted a mining permit. The Chapudi project mining right was granted in December 2018, followed by the Generaal project's mining right in November 2019. The Mopane project contains 230 million tonnes of measured and indicated coal resources. The development of the GSP project areas is complementary to the company's flagship

Makhado hard coking coal project. The GSP is in close proximity to the Musina-Makhado Special Economic Zone (SEZ). Important to the development of Makhado and parts of Chapudi is an offtake agreement by AMSA, in addition, export to other steel mills around the world. The value of the investment was not reported.

## Services and transport

South Africa's Tyme Bank secured R1.6 billion in foreign investment to support the bank's growth. The investors are the Apis Growth Fund II, a private equity fund managed by Apis Partners in the United Kingdom, and Philippines-based JG Summit Holdings. Of the overall R1.6 billion, about R500 million has already been used, and the balance will be invested over the next 12 to 15 months. Tyme Bank is a member of the Tyme group of companies headquartered in Singapore.

DHL Global Forwarding is investing R126.5 million in a new office and warehouse facility. The larger warehouse enables the consolidation of DHL Global's warehousing requirements. The property will be leased at the Skyparks Business Estate in Gauteng next to the OR Tambo International Airport. The new facility will span 13 000m<sup>2</sup> of which 10 000m<sup>2</sup> of the space will be dedicated to a warehouse, which is double the size of existing capacity. It will include a specialised cold chain facility, and will also support other services including cross-docking, storage for air, ocean and road freight services, and a platform for breakbulk cargo.

Netflix and the National Film and Video Foundation (NFVF) have signed a R28 million partnership to fund South African filmmakers for the production of "micro-budget" feature films. The parties are contributing R14 million each to the initiative. The films funded will all be featured on the Netflix digital platform. Six movies will be funded, categorised into two streams. Stream 1 comprises four feature films by emerging filmmakers, capped at R4 million each, that is R16 million total. Stream 2 consists of fictional feature films by established filmmakers, which will receive a maximum R6 million a film.

Didi Chuxing (DiDi) is a mobility technology platform. The Chinese firm provides ride e-hailing services and other app-based transportation services including bike-sharing, on-demand delivery services and automobile services. Automobile services consists of sales, leasing, financing, maintenance, fleet operation, electric vehicle charging, and co-development of vehicles with automakers. Following a pilot launch of operations in Gqeberha, DiDi is expanding operations to Cape Town. The company has initiated the registration process for drivers in the city. In Gqeberha, DiDi reported more than 2 000 drivers in the city are already connected to DiDi's app, and more than 20 000 local residents have signed up to use the service. The value of the expansion has not been disclosed.

## Updates

### Progress

The Musina-Makhado SEZ submitted a final environmental-impact assessment (EIA) report to the Limpopo Economic Development, Environment and Tourism Department. The provincial agency, however, identified gaps in the EIA report and the approval process is halted until these gaps are addressed. The development of the SEZ attracted a R40 billion investment from a consortium led by the HongKong Mining Exchange.

Platinum Group Metals was granted a mining right for the US\$1.06 billion (R18 billion) Waterberg palladium project located in the Bushveld Igneous Complex in Limpopo. However, the local community in Limpopo has lodged an appeal against the issued license.

Toyota has named the Toyota Corolla Cross as the new model to be introduced and built in South Africa. This follows the automotive manufacturer's announcement in 2019 of a R2.4 billion investment to upgrade local operations in preparation of the production of a new passenger vehicle model.

The Kruisvallei small hydropower project is complete and operational. The 4.7MW facility has the capacity to generate about 24 gigawatts per hour per year of energy. The project was granted preferred bidder status in the fourth round of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP). The total investment value was about R370 million. It was developed by Red Rocket, which represents the Africa and Middle East business unit of Italian company Building Energy.

Menar's Kangra mine has resumed operations and is going ahead with expansion plans after being placed on care and maintenance due to COVID-19 and the resulting market conditions in 2020. Menar is undertaking the Kusipongo expansion, which is expected to extend Kangra's life-of-mine by about 20 years. The estimated investment value for the expansion is R78.8 million.

Canyon Coal's De Wittekrans opencast and underground mine project has been issued a water use licence. This completes all legislative licensing requirements for the project to move ahead. The original water use licence did not include opencast and related activities, which posed a challenge to obtaining the licence. The project will be developed in two phases for an estimated R1.6 billion.

Komatsu Africa Holdings completed the construction of a new remanufacturing plant at the head office campus in Johannesburg. At the facility, Komatsu reconstructs components to a quality – in line with specifications – applicable to new components. The plant was developed for about ¥ ¥2.2 billion (R283 million).

United Heavy Industries is undertaking a R17 billion investment programme. It had already completed upgrades to the Mandeni steel mill for R350 million at the end of 2020. United Heavy Industries is moving on to develop a metallurgical laboratory.

South African Breweries (SAB) cancelled another R2.5 billion investment following the third ban on alcohol sales to mitigate impact of the COVID-19 pandemic. The total investment value cancelled by SAB to date is R5 billion.

Heineken South Africa has had to restructure operations in South Africa on account of the impact of the pandemic on the brewer's business, in particular COVID-19 restrictions on the sale of alcohol. In addition to suspending new investment, Heineken is cutting 70 jobs.

## **FDI TRENDS, Q1 2021**

### **Investment values**

A considerable share of the total investment value recorded comprises four projects valued well above R5 billion, which together account for about 70% of the investment value. Ford's R15.8 billion commitment to upgrade the firm's facilities is the largest of these projects followed by Karpowership SA's floating power stations. Karpowership SA's gas-to-power vessels that will be harboured at the ports of Ngqura (Coega) and Richards bay have been reported to be valued at R10.9 billion each. Karpowership SA Saldanha's projected investment value is R7.8 billion.

Seven projects identified have investment values that range between R5 billion and R1 billion. They constitute about 28% of the total recorded value – about R18.4 billion. Of these investments, the Mulilo Total Coega has the highest projected value followed by ACWA Power's Project DAO. These RMIPPPP projects are estimated to contribute R4.8 billion and R3.7 billion respectively. Close behind



is Kumba Iron Ore’s R3.6 billion pledge towards extending the life of the Sishen mine. Two more RMIPPPP preferred bidders – Mulilo Total Hydra Storage and Umoyilanga Energy – each add about R1.8 billion to the investment value. Other projects in this bracket include Tyme Bank’s R1.6 billion expansion and the R1.05 billion Pan African Resources Egoli gold project.

The Tracker logged five projects valued below R500 million. Collectively they total about R729 million, about 1.1% of the total pledged value. MC Mining’s R433 million Makhado coal project has the highest pledged investment value in this grouping. It is followed by Project Blue Oval, Ford’s R135 million solar, which is closely trailed by DHL Global Forwarding with the planned R126.5 million cargo facility. The other projects included are the R20 million Hisense solar power investment and Netflix’s R14 million pledge towards the production of feature films in South Africa.

The Investment value for MC Mining’s second project recorded this quarter, the Greater Soutpansberg coal project, was not available. This is also the case for the DiDi ride-hailing service expansion project.

## Investment stages

**Table 1: Investment stages**

Stage	Value (R billion)	Number
Announced	45.5	11
Construction/Implementation	17.5	4
Project preparation	1.5	2
Exploration	0.0	1
<b>Total</b>	<b>64.5</b>	<b>18</b>

*Note:* Values may not always sum to the total due to rounding.

A breakdown of projects by investment stage indicated that announced projects constitute about 71% of the total investment value, and also account for the highest number of projects. This is attributed to the seven projects selected as preferred bidders in the RMIPPPP programme, which combined contribute R41.7 billion to the total recorded investment value.

The three Karpowership SA floating power stations constitute the largest investments at this stage, and together total R37.6 billion. Investments by DHL Global, Hisense and Netflix constitute the other projects announced in the first quarter of 2021. They contributed R126.5 million, R20 million and R14 million respectively.

Three of the four projects under construction or implementation make up just over 27.2% of the total value captured. Both of Ford’s investments identified by the Tracker this quarter are undergoing construction, with the largest being the R15.8 billion investment in facility upgrades. Tyme Bank’s R1.6 billion expansion project and Ford’s R135 million solar carports initiative also constitute projects in this phase. Adding to the number of projects identified at this stage is the DiDi ride-hailing service expansion, for which an investment value was not available.

The Tracker identified two projects at project preparation – MC Mining’s R433 million Makhado project and the Pan African Resources R1.05 billion gold project. The single project at exploration is MC Mining’s Greater Soutpansberg project, for which the investment value was not reported.

## Investment type

Table 2: Investment type

Type	Value (R billion)	Number
Greenfield	40	9
Upgrade	16	3
Brownfield	6.9	4
Expansion	1.6	2
<b>Total</b>	<b>64.5</b>	<b>18</b>

Note: Values may not always sum to the total due to rounding.

An analysis of projects by investment type revealed greenfield projects hold the largest share of the investment value and the highest count of projects. With the exception of three ventures, greenfield investments largely comprise the RMIPPP programme-related projects. Together the six projects contribute R39.9 billion to the value for greenfield investments. Other such projects include the DHL cargo facility, the Netflix film production investment and the Greater Soutpansberg coal project.

Upgrades were announced for three projects; two of these are by automotive manufacturer Ford – modernising the Silverton Assembly Plant and the installation of solar carports at the facility. The other investor undertaking upgrades is Hisense’s investment in solar technology.

Over half the total pledged value for brownfield projects is attributed to Kumba’s UHDMS project. Brownfield investments included the Mulilo Total Hydra Storage plant. This project builds on existing infrastructure, unlike the other RMIPPPP projects identified as greenfield investments. Also notable are projects by miners Pan African Resources and MC Mining that contributed R1.05 billion and R433 million respectively to the pledged value for brownfield projects.

Two investors announced expansions of their operations. Tyme Bank is growing its digital banking services, while Chinese ride-hailing service provider DiDi is expanding the firm’s footprint in South Africa.

## Investment by location and industry

Figure 1 presents projects examined by location and industry. Investment was concentrated in utilities with projects recorded in five of the seven provinces featured this quarter. These are mainly projects related to the RMIPPP programme spread across the provinces. Notably among these, the Umoyilanga Energy project – that will be implemented by EDF Renewables – will have sites in two provinces,<sup>3</sup> the Eastern Cape and Northern Cape. DiDi is another firm that is establishing operations across two locations<sup>4</sup>, the Eastern Cape and Western Cape. Gauteng, Northern Cape and Eastern Cape are recipients of an equal number of projects – four projects were recorded for each province. The Tracker was not able to establish a location for the Netflix investment towards film production.

The largest share of the investment value was captured by Gauteng, recording R17.7 billion this quarter. Four projects were identified across three industries. Manufacturing makes up an overwhelming portion of investment in the province on account of the R15.8 billion Ford investment programme. The province also benefits from investment in services comprising the Tyme Bank

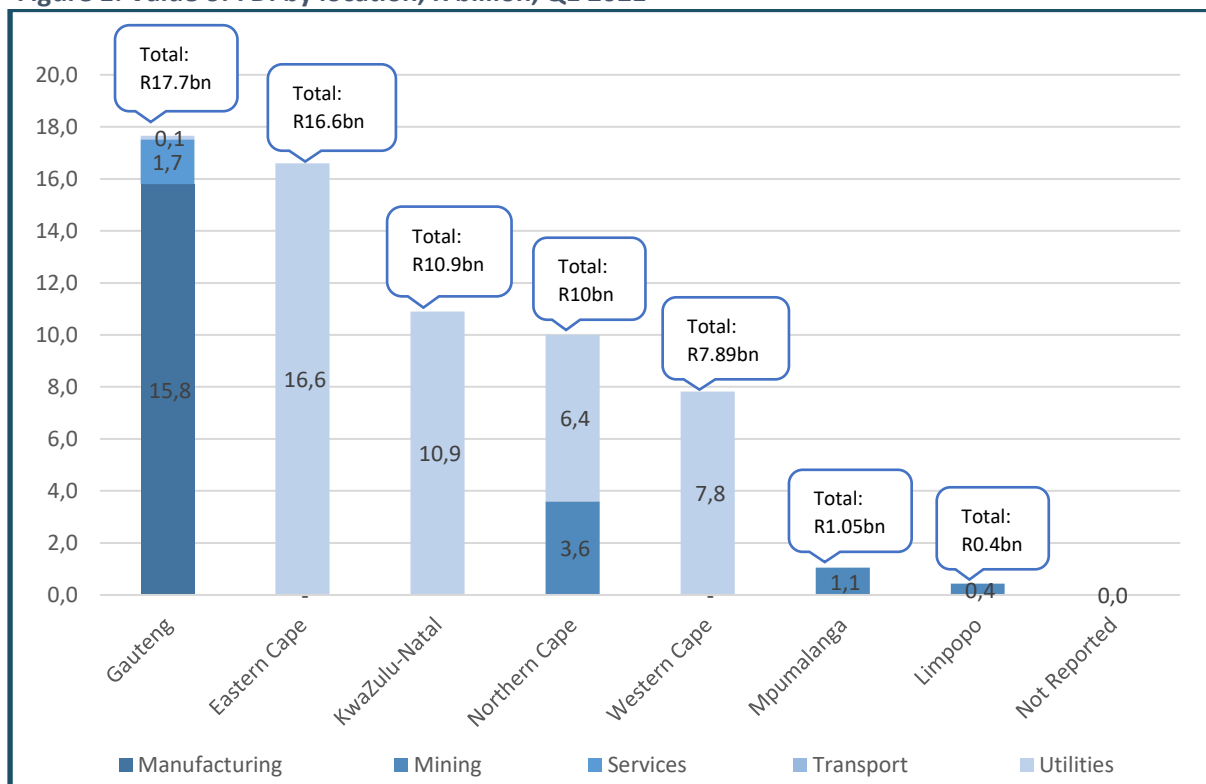
<sup>3</sup> The R1.8 billion estimated value for the whole project is equally divided between the two sites. This is reflected in the data with R900 million allocated to the respective provinces. The firm has not yet indicated the division of expenditure for the two locations.

<sup>4</sup> This has no implications for the investment value as the investment value for the project was not reported. The project is added according to the relevant location.

expansion project, and the DHL Global cargo facility. Ford further contributes with the solar carport project.

The Eastern Cape garnered a total R16.6 billion in investment. Three of the four projects identified comprise the pledged value. Utilities is the main contributor to investment, and represents the entirety of the pledged value in the province. Commitments from the industry comprise three RMIPPPP projects: the R10.9 billion Karpowership SA Coega floating power station, Mulilo Total’s R4.8 billion renewable project and the EDF Renewables R900 million Umoyilanga Energy project. The other project in the province is in services – DiDi’s ride-hailing service expansion for an undisclosed amount. KwaZulu-Natal recorded one project in utilities. The province is one of three locations earmarked to host a Karpowership SA floating power station.

**Figure 1: Value of FDI by location, R billion, Q1 2021**



Source: TIPS FDI Tracker project data.

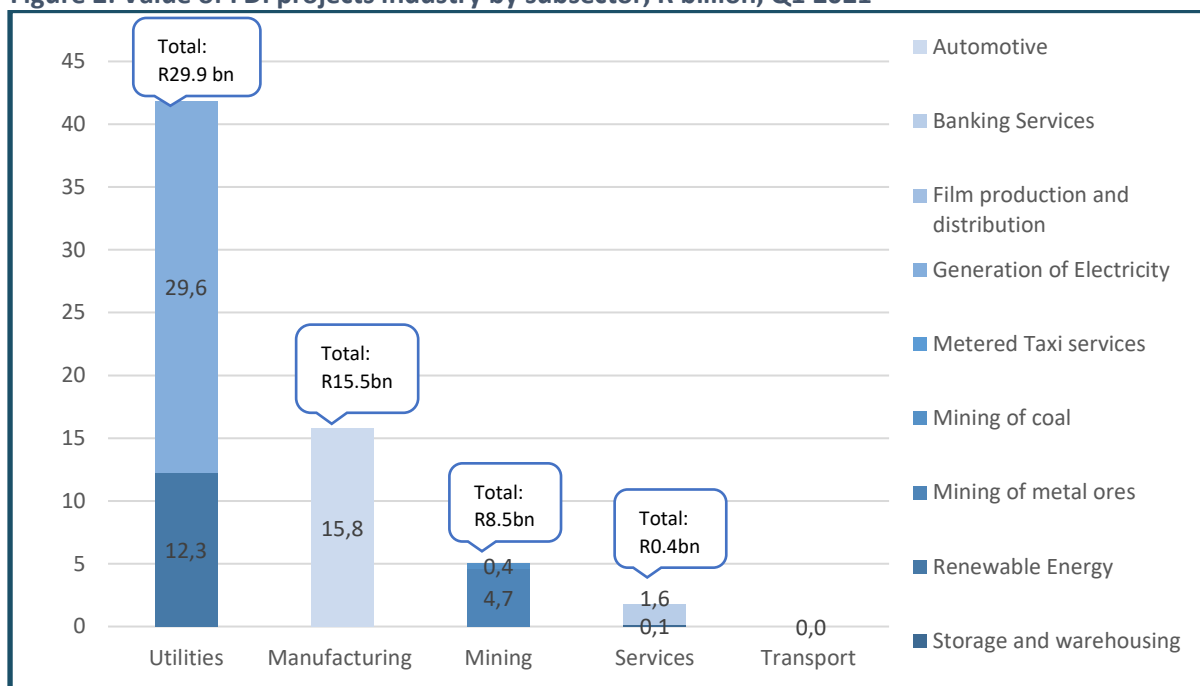
Note: Numbers may not always sum to the exact total investment amounts due to rounding.

Investment from the four projects identified in the Northern Cape amounts to R10 billion from two industries, mining and utilities. Utilities is the largest contributor to investment in the province with three projects that are participants in the RMIPPPP programme. The project with the highest value is ACWA Power’s Project DAO valued at about R3.7 billion, followed by the planned Mulilo Total R1.8 billion Hydra Storage facility. The single project that contributed mining is Kumba Iron Ore’s R3.6 billion initiative to extend the life-of-mine at the firm’s Sishen mine.

Three projects were captured in the Western Cape, of which two comprise R7.8 billion investment value. The value of commitments is largely attributed to investments in utilities including one of Karpowership SA’s floating power stations planned for Saldanha Bay. The other utilities project is the Hisense solar power investment. The province is also the second location selected for the mobility technology service provider DiDi’s expansion into the local market. The investment value for this investment was not reported.

Mpumalanga benefits from one project. The Pan African Resources R1.05 billion planned gold project contributes to the mining industry in the province. Two projects were identified in Limpopo. Of these, only one project makes up the R433 million pledged value. The investor for projects is MC Mining and the R433 million investment is for the development of the Makhado hard coking coal project. The other venture the firm will be undertaking is the Greater Soutpansberg coal mining project.

**Figure 2: Value of FDI projects industry by subsector, R billion, Q1 2021**



Source: TIPS FDI Tracker project data.

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

Figure 2 differentiates projects by subsector, within their respective industries. Investment in the first quarter 2021 was distributed across five industries and 10 corresponding subsectors. Industries that frequently feature in the Tracker continue to draw investment, with the exception of transport in which investment activity is comparatively more sporadic.

The substantial investment noted in utilities is in two subsectors, generation of electricity<sup>5</sup> and renewable energy. Investment in the industry was concentrated in generation of electricity, it garnered the highest pledged value entirely comprised of the Karpowership SA floating power stations projects. The largest renewable energy project is the Mulilo Total Coega project followed by the ACWA Power Project DAO. Other projects in the subsector include self-generation initiatives by Ford and Hisense.

Automotives is the only subsector registered in manufacturing for this quarter. It recorded a significant R15.8 billion from the investment programme that Ford is implementing. Mining consists of two subsectors comprising four projects. A sizeable share of the R5.7 billion captured in the mining industry is from two projects in mining of metal ores, Kumba Iron Ore’s R3.6 billion constitutes over half this value followed by the Pan African Resources R1.05 billion gold project. Commitments by MC Mining account for the two projects recorded in mining of coal.

Projects in services were captured across three subsectors with one project identified in each subsector. Banking services overwhelmingly dominates due to the R1.6 billion Tyme Bank expansion

<sup>5</sup> This refers to electricity generated through technology and resources other than those that are renewable.

project. Netflix’s R14 million commitment contributes to film production and distribution while warehousing and storage is represented by DHL Global Forwarding’s R126.5 million cargo facility. Transports features one subsector, metered taxi services, represented by mobility technology firm DiDi’s expansion for an undisclosed sum.

## Investment by country of origin

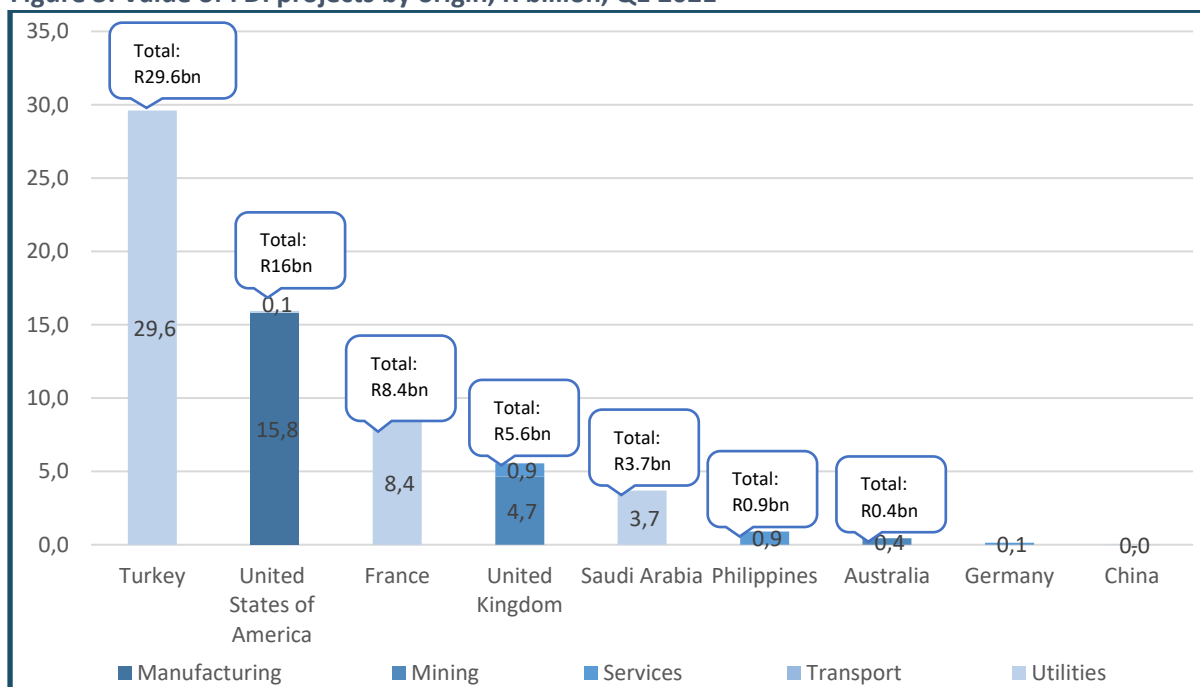
Figure 3 shows the distribution of investment by country of origin and industry. Europe as a region continues to be a prominent investor in the country. This quarter it contributed R 43.6 billion to the total investment value. This is attributed to 10 projects originating from four European countries. Turkey, France and the United Kingdom registered three projects each.

The projects from Turkey and France are all part of the RMIPPP programme. Turkey emerged as the largest investor with a total R29.6 billion estimated value from the Karadeniz Energy Group subsidiary Karpowership SA’s three floating power stations. The total pledged investment value captured from France is R8.4 billion. The bulk of this value is attributed to investor Mulilo Total’s two renewable energy projects that amount to a combined R6.6 billion. The other project identified from France is the R1.8 billion Umoyilanga Energy project that will be implemented by EDF Renewables.

Investment identified from the United Kingdom amount to a total of R5.6 billion pledged value. Kumba Iron Ore led investment from the country with the R3.6 billion UHDS plant. This is followed by another commitment in mining with Pan African Resources R1.05 billion Egoli gold project. Tyme Bank’s expansion is the other investment identified from the country, contributing an estimated R900 million.<sup>6</sup>

Germany is represented by one project, the R126.5 million DHL Global Forwarding cargo facility.

**Figure 3: Value of FDI projects by origin, R billion, Q1 2021**



Source: TIPS FDI Tracker project data.

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

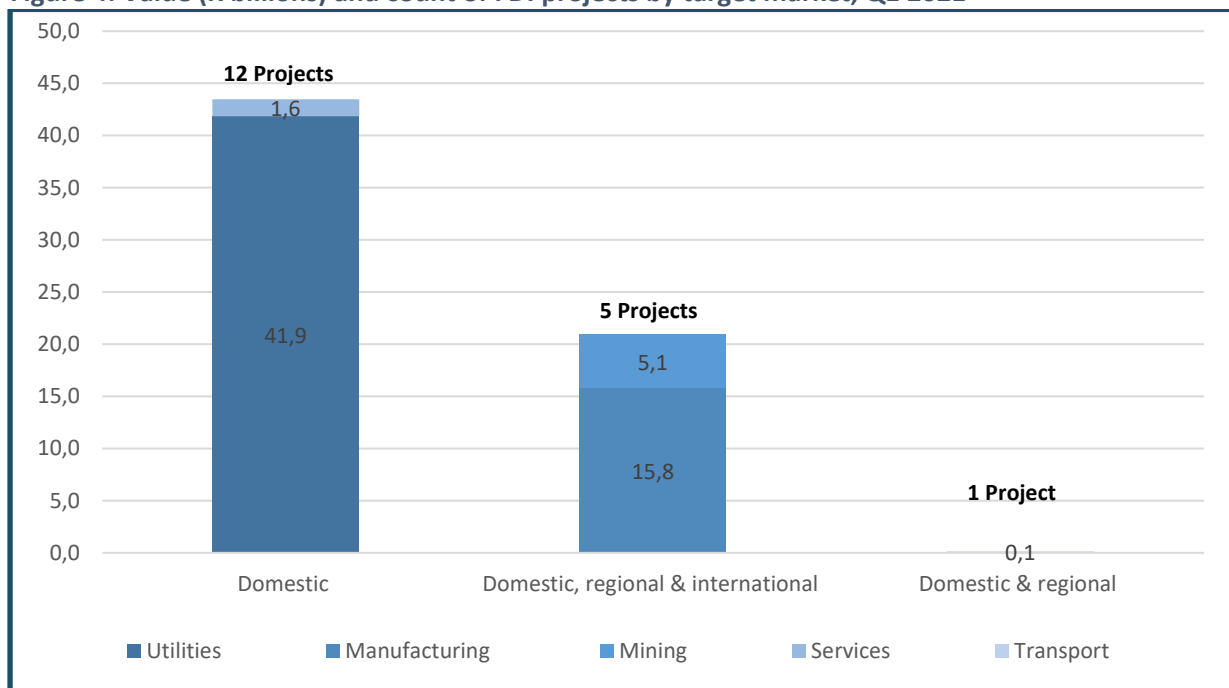
<sup>6</sup> The Tyme Bank investment is being funded by two foreign investors Apis Partners based in the United Kingdom and JG Summit Holdings from the Philippines. As the individual contribution from each investor has not been disclosed, for purposes of analysis the total R1.6 billion for the project has been evenly distributed between the two countries of origin.

The United States had the second highest investment value, well over R15.9 billion from three commitments. Ford is the largest investor out of the country with two projects. Netflix’s film production investment is the other project captured from the United States.

Investment from Saudi Arabia amounts to R3.7 billion on account of ACWA Power’s Project DAO. Monitoring identified investment from two Asian countries, the Philippines and China. This was led by the Philippines adding R900 million<sup>7</sup> towards Tyme Bank’s expansion. China has the lowest total pledged value with two projects, the Hisense R20 million solar power project and DiDi ride-hailing service expansion for an undisclosed value. Australia also features in the Tracker this quarter represented by MC Mining’s two projects, the Makhado coal project and the Greater Soutpansberg project.

Figure 4 illustrates projects categorised by target market. This quarter, projects with an exclusive domestic outlook had the highest investment and number of projects. This category is composed of three industries comprising 12 projects, from which a substantial R43.5 billion was recorded from 11 of the investments. A substantial portion of the value, R41.9 billion, was captured from utilities mainly on account of the RMIPPP programme-related projects. The other projects with a solely domestic focus are manufacturing and transport. The five projects targeting the domestic, regional and international market are in manufacturing and mining. Manufacturing has the highest pledged value from the Ford investment. Mining comprises four projects. The domestic and regional segment comprises one project by DHL Global Forwarding.

**Figure 4: Value (R billions) and count of FDI projects by target market, Q1 2021**



Source: TIPS FDI Tracker project data.

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

## Investment environment

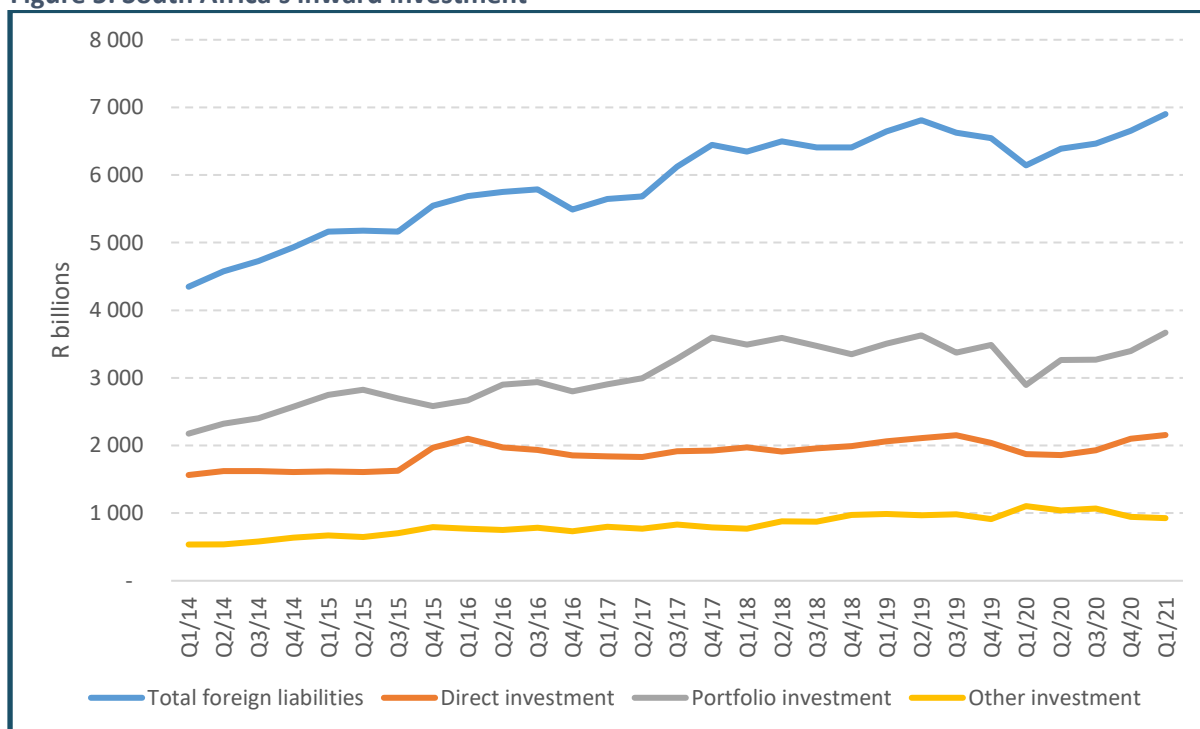
A recent addition to the FDI Tracker is the analysis of the domestic investment environment. This analysis provides insight into the general environment in which investments happen. This is important for the following reasons. First, metrics that measure investment indicate the extent to which pledged

<sup>7</sup> See footnote 3.

investments materialise into actual investments. This assists in tracking the extent to which investment drives materialise into actual investments. Further, analysing the investment environment provides a glimpse into investor sentiment on future growth prospects in the economy. A flurry of investment activity is typically a sign of future growth; and during times of lacklustre growth investors tend to hold back, given a pessimistic view of future growth and the risk of tying up capital, hampering the returns on that capital. With the President’s annual investment conferences, it is important from a policy point of view to monitor whether the pledges made at that event are materialising as a substantial improvement in investment levels. To evaluate the investment environment, a number of key investment metrics have been incorporated. These are further detailed in the Appendix.

The total market value of South Africa’s inward investment increased from a revised R6 656 billion at the end of December 2020 to R6 901 billion at the end of March 2021, an increase of 3,7% between the Q4 2020 and Q1 2021. The increases in inward investment between Q4 2020 and Q1 2021 were attributable to increases in all investment categories except other investments and financial derivatives. Direct<sup>8</sup> and portfolio investments were driven by an increase in the FTSE/JSE All-share Index by 11.9% in Q1 2021 (SARB, 2021a). Other investments declined chiefly due to long-term loan repayments by the domestic private non-banking sector.

**Figure 5: South Africa’s inward investment**



Source: TIPS, based on South Africa’s international investment position data by (SARB, 2021b).

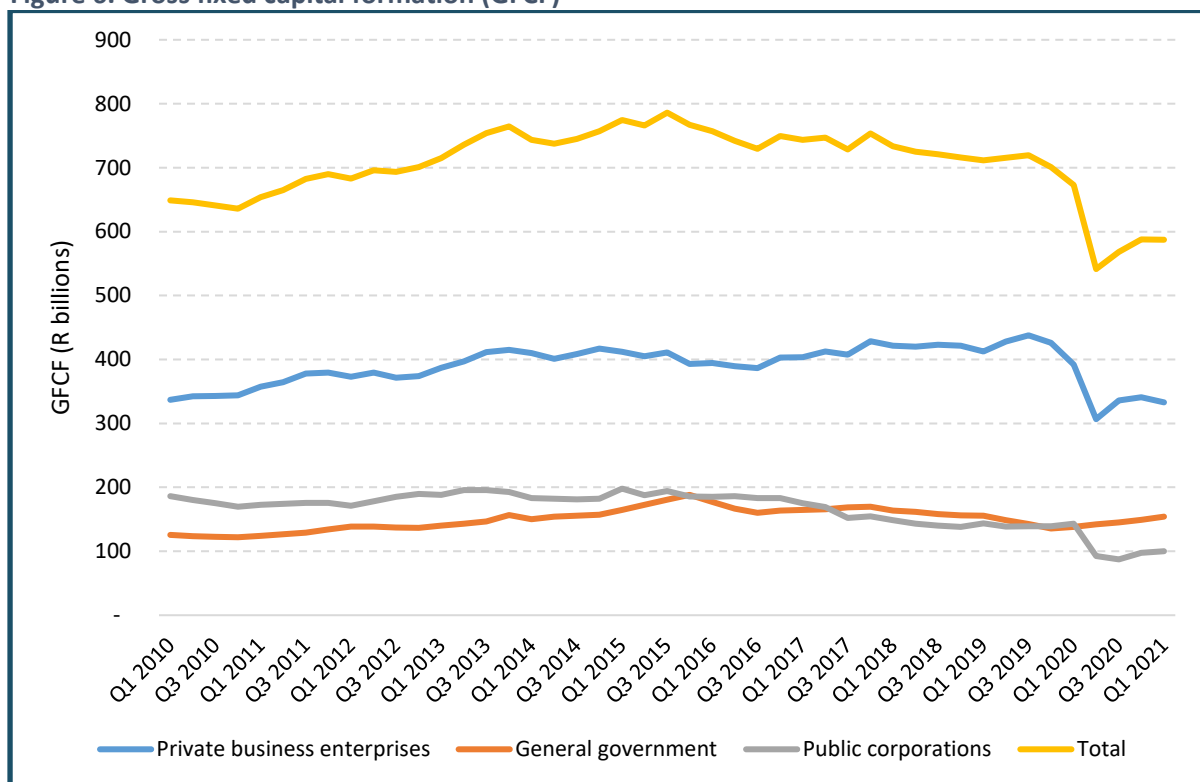
Over the period, the largest increases were noted for portfolio investments, which increased from R3 397 billion in Q4 2020 to R3 669 billion in Q1 2021, representing an increase of 8%. Direct investments increased from R2 099 in Q4 2020 to R2 155 billion in Q1 2021. The rise in the FTSE/JSE All Share Index drove increases in direct and portfolio investments in Q1 2021, and was driven by higher commodity prices, stronger global and local growth outlooks, and re-rating (Prudential, 2021).

<sup>8</sup> Direct investment is defined as: the objective of obtaining a lasting interest by a resident entity in one economy (direct investor) in an entity resident in an economy other than that of the investor (direct investment enterprise). See (SARB, 2019).

The increase in total investment followed an increase in total investment of 3% between the third and fourth quarters of 2020. Compared to Q1 2020, total investments were 12% higher in Q1 2021. The largest rise on an annual basis was in portfolio investments, which were 27% higher in Q1 2021 compared with Q1 2020. This is followed by direct investments, which were 15% higher in Q1 2021 compared with Q1 2020. Other investments declined on an annual basis, being 16% lower in Q1 2021 compared with Q1 2020.

Statistics South Africa calculates gross fixed capital formation (GFCF) as part of the expenditure component of gross domestic product (GDP). The metric is an important measure of overall investment in the economy. It includes money spent on improvements to land, equipment purchases, and road and building construction. The total GFCF declined by 2.6% between Q4 2020 and Q1 2021 in constant 2010 prices, seasonally adjusted, and annualised. This decline was at odds with the noted increase in 4.6% quarter-on-quarter growth in GDP in Q1 2021 and total GFCF still remains below the levels reached in the pre-COVID 2019 period.

**Figure 6. Gross fixed capital formation (GFCF)**



Source: TIPS, based on (StatsSA, 2021a)

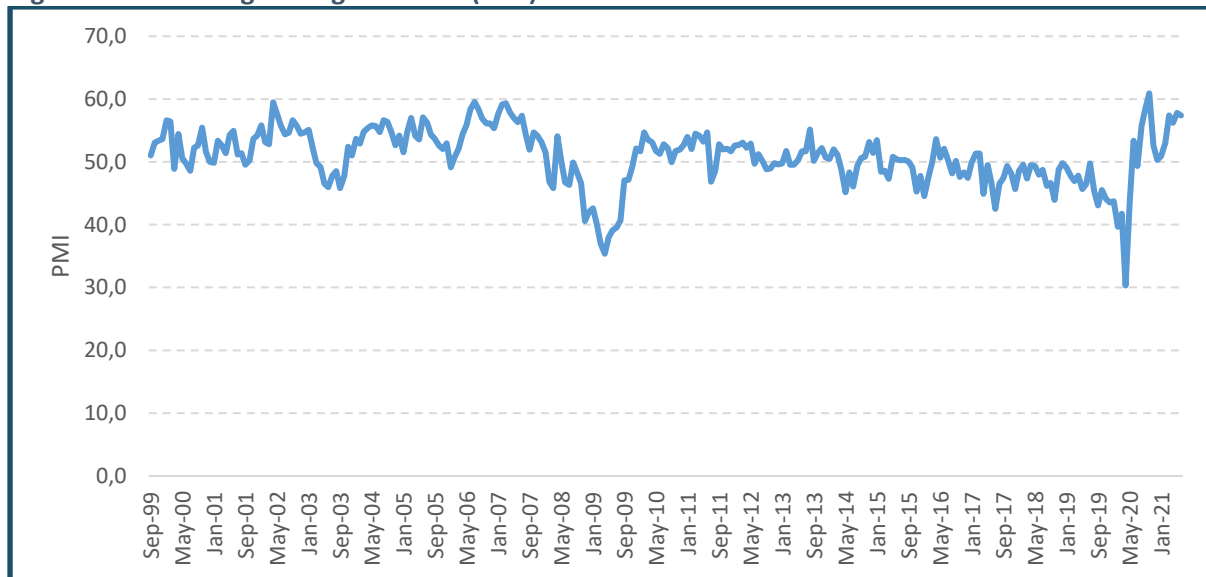
Notes: Values are on a constant 2010 prices, seasonally-adjusted, and annualised basis. Value are deflated using an implicit deflator, rebased to Q1 2021

According to Stats SA, the main contributors to the decrease in total GFCF were in machinery and equipment (10.1%), transport equipment (4.2%), and residential buildings (1.7%) (StatsSA, 2021b). Disentangling GFCF by the type of institution reveals the contributions to investment levels in the public and private sectors.

In Q1 2021, private investment decreased by 2.3% from Q4 2020 in constant 2019 prices, seasonally adjusted and annualised basis. Public corporation investment levels increased by almost 2.5%, and investments by general government increased marginally by 3.4%.



**Figure 7. Purchasing Managers' Index (PMI)**



Source: TIPS, based on PMI data by (BER, 2021a).

Note: The PMI data are seasonally adjusted by the Bureau for Economic Research (BER).

The Absa PMI focuses on business conditions in the manufacturing sector, and points to challenges within the sector. These challenges may inform and influence investor decisions in the future. A value that exceeds a value of 50 implies an improvement from the previous month, and vice versa.

In Q1 2021, the seasonally adjusted Absa PMI continually increased, pointing to improved manufacturing conditions, however, supply constraints and pressures were noted. The PMI increased between December 2020 and January 2021 (from 50.3 to 50.9), increasing between January and February (from 50.9 to 53.0) and subsequently increasing again between February and March (from 53.0 to 57.4) (BER, 2021b, 2021c, 2021d). While the PMI increased in January 2021, the PMI remained below the average for 2020.

Business activity suffered early in the quarter due to loadshedding, and the impact of the adjusted Level 3 lockdown regulations on the liquor and hospitality-related industries. There were also indications of supply inputs being less readily available to the manufacturing sector, indicative of supply chain disruptions both locally and internationally. Export sales were noted to be lower early in the quarter, and domestic demand slightly increased, although this remained constrained. A recovery in sales was noted in February and March, driven by rising exports and improved domestic demand due to the loosening of lockdown regulations, and improvements in the European manufacturing sector. Purchasing managers were found to be optimistic about a global recovery in the latter half of 2021, pointing to optimism about future exports. Rising input costs into manufacturing were noted as being driven by a weaker rand exchange rate, higher Brent crude oil prices, rising steel and rubber costs, and anticipated increases in the cost of electricity. Concerns around rising fuel prices were also noted as driving supply-side inflation pressures with anticipated increases in the fuel price, and fuel levies.

**Figure 8. SARB leading indicator**



Source: TIPS, based on (SARB, 2021c)

The SARB (South African Reserve Bank) also reports a composite leading indicator that aims to predict future growth in the economy and serves as supplementary evidence for future changes in the economy. The composite leading business cycle indicator is calculated based on a number of underlying datasets that predict growth (see Appendix).

In Q1 2021, the SARB leading indicator consistently increased throughout the quarter. The leading indicator increased in January 2021 (2.1%), increased again in February (2%), and subsequently rose in March (1.7%) (SARB, 2021d, 2021e, 2021f). The biggest drivers of increases in the leading indicator in Q1 2021 were: the number of building plans approved, the number of new passenger vehicles sold, the number of job advertisements, the commodity price index for South Africa’s main export commodities, the average hours worked per factory worker in manufacturing, the real M1 (six-month smoothed growth rate), the volume of orders in manufacturing, the interest spread on government bonds, and the composite leading business cycle indicator for South Africa’s major trading-partner countries.

## Barriers and constraints

The FDI Tracker aims to inform and improve policymaking by assisting the state to better understand the environment in which investors operate (Carnie, 2021). To gain deeper insight into investor experiences, the FDI Tracker captures concerns and challenges of companies. Challenges include those related to the business environment, infrastructure blockages and service constraints. In addition to barriers and constraints, the analysis highlights challenges that have been unblocked or resolved.

In the first quarter of 2021, monitoring identified one project-specific constraint related to the Karpowership SA floating power stations. The firm’s plan to anchor vessels that will provide Eskom emergency electricity from three of South Africa’s harbours is facing challenges with regulatory approvals. Even though the project has been approved by Eskom, Karpowership executives are negotiating with Transnet to secure permission to occupy harbour space; currently it appears that there is insufficient space at the proposed ports for the eight vessels. It is further notable that the project has encountered opposition from environmental activist organisations that questioned in 2020 the legality of the process through which the project was issued an emergency exemption permit

to supply power (groundWork, 2020). The permit was revoked by Department of Environmental Affairs, Forestry and Fisheries (now DFFE) (Carnie, 2020). The project continues to face opposition and criticism around the most recently submitted EIA report and the environmental impact of the use of gas for power generation on marine life.

### Credibility classification

FDI pledges are subject to frequently changing plans and may not happen in the form initially announced. For this reason, the FDI Tracker assigns a subjective measure of credibility to each project, based on the standard described in Table 3.

**Table 3: Classification of project by credibility of investment pledge**

Grading	Explanation
<b>Commitment</b>	Project has been announced, but the plan lacks details (such as company commitment or clear development plan) or is too early to be substantive.
<b>Potential</b>	Project has been announced, shows possibility for future development and the company has a strong track record, but the plan lacks some details or there are doubts on specific aspects of the announcement.
<b>Likely</b>	Project has been announced, and is highly credible, often with plans that are partially in progress, such as completed feasibility studies or regulatory approval.
<b>Construction/ implementation</b>	Projects that are underway. Figures will be updated to reflect changes to the project during the construction/ implementation period.
<b>Cancelled</b>	The project is no longer moving ahead.

Table 4 lists projects according to the allotted credibility grading. Five projects were assigned the “potential” grading. These are investments by Hisense, MC Mining and Karpowership. Hisense is a reputable firm in the country. Its solar project aims to address concerns about the impact of electricity shortages on productivity and, in the long term, the investment has positive implications for the firm’s operations. This points to prospective future implementation of the project even though information such as the status of regulatory approvals is not yet available. MC Mining’s plan to develop the Greater Soutpansberg projects (Mopane, Generaal and Chapudi) is steadily progressing. The project was issued the final mining right for the three project areas. Details of the projects development has been provided; however, the value of the investment has not been indicated. Karpowership is a new entrant to the South African market, the firm’s gas-to-power project is a preferred bidder in the RMIPPP programme. While some of the required approvals from relevant institutions, such as Eskom, have been concluded other important regulatory authorisations are still outstanding for the project to proceed. On this basis, the projects were classified as potential.

The majority of projects this quarter were graded as likely. Common characteristics of the firms behind the nine projects comprise existing operations, visible track records and being well established in the country. Pan African Resources completed a feasibility study, has detailed project plans with set construction timeframes for the Egoli gold project. DHL Global has shared thorough plans for the planned cargo facility and the lease for the property where it will be located has been signed. MC Mining’s flagship Makhado coal project is at project preparation advancing. Construction of Phase 1 is expected to start in the first half of 2021. Domestic and export offtake agreements have been concluded for hard coking coal produced in Phase 1 and 2 of the project. Streaming service and production company Netflix has a global reach. It has produced several South African films hosted on its platform. The partnership agreement with NFVF has been signed, and the parties have detailed

how the funding will be distributed. The initiative – that will support emerging filmmakers – has officially opened applications to interested filmmakers.

Also classified as likely are the other four RMIPPPP projects. Conditions for participating in the programme include the specifications that stipulate project plans be fully developed, or the company should be able to have the project operation ready within a short time frame and be set to connect to the national grid by the end of 2022, at the latest. These projects have submitted relevant regulatory applications that have either been approved or pending – with specific reference to resubmitted amended EIAs. It is notable that investment values for individual projects have not been disclosed, however, an aggregate value of R45 billion<sup>9</sup> for all the RMIPPPP projects was provided. Information on the plans for the ACWA Power project is scarce. EDF Renewables has a clear project plan for the Umoyilanga Energy project and the developer has submitted an application for an electricity generation licence. Mulilo Total (Total Gaz and Mulilo) have two projects ranked as likely. Total Gaz is entrenched in the South African economy and, while implementation partner Mulilo is less known, the South African firm has a record of developing renewable projects.

Kumba’s UHDMS project is expected to enhance Sishen mine’s existing operations and product quality and further extend the life-of-mine by four years to 2039. Kumba plans to break ground on the project in second half of the year. Kumba has further long been invested in South Africa’s mining industry. These considerations were taken into account, indicating the likelihood that these projects will be implemented.

**Table 4: Project credibility grading**

Project	Classification
Hisense solar power investment	Potential
Greater Soutpansberg Project	Potential
RMIPPPP: Karpowership SA Coega	Potential
RMIPPPP: Karpowership SA Richards Bay	Potential
RMIPPPP: Karpowership SA Saldanha	Potential
Hisense solar power investment	Potential
Greater Soutpansberg Project	Potential
Pan African Resources Evander Egoli gold project	Likely
DHL Global Forwarding cargo facility	Likely
Ford Investment Programme	Likely
Makhado hard coking coal project	Likely
Netflix/National Film and Video Foundation (NFVF) partnership	Likely
RMIPPPP: ACWA Power Project DAO	Likely
RMIPPPP: Umoyilanga Energy	Likely
RMIPPPP: Mulilo Total Coega	Likely
RMIPPPP: Mulilo Total Hydra Storage	Likely
Sishen Ultrahigh dense media separation (UHDMS) Project	Likely
Pan African Resources Evander Egoli gold project	Likely
DHL Global Forwarding cargo facility	Likely
Ford Project Blue Oval renewable energy programme: Solar carports	Construction/Implementation
Ford Investment Programme	Construction/Implementation
Tyme Bank expansion	Construction/Implementation
DiDi Chuxing Technology Co ride-hailing service	Construction/Implementation

<sup>9</sup> This is the total investment value that all the RMIPPPP programme projects are expected to draw in.

## INVESTMENT PROFILES, Q1 2021

Project Name	Pan African Resources Evander Egoli gold project	Ford Project Blue Oval renewable energy programme: Solar carports
Investment value	US\$66 million	Not reported
Invest Rand Value	R1.05 billion	R135 million
Project location: Province	Mpumalanga	Gauteng
Project location: City/Town	Evander	Silverton
Investor firms	Pan African Resources	Ford Motor Company Southern Africa
Investor country	United Kingdom	United States
Investor city	London	Dearborn
Indicative start date	September 2020	November 2020
Indicative end date	2022	2024
Project phase	Project preparation	Construction/Implementation
Project type	Brownfield	Upgrade
Project industry	Mining	Utilities
Project sector	Mining of metal ores	Renewable Energy
Permanent jobs	1200	Not reported
Temporary jobs	Not reported	100
Government partnership	Department of Mineral Resources (DMR)	Not reported
Target Market	Domestic, regional and international	Domestic
Social Development Programme	To be confirmed	Local content
Project Description	<p>The Egoli gold project is a development at the firms Evander gold mine which will extend the life of the Evander operation. It is positioned within Evander mine's existing mining right area valid till 2038. Egoli will be an underground operation with an initial life-of-mine of nine years based on findings of a feasibility study completed in 2020. It will leverage off existing shaft and plant infrastructure in addition a haulage system. The existing infrastructure will be refurbished. First gold is expected after a 20-month construction period. The project will be funded in two tranches, R400 million in phase one towards dewatering the 7 Shaft decline, equipping the decline and shaft and, initial mine development. The second R800 million will fund continuing development of the project over the construction period.</p>	<p>Project Blue Oval is a part of Ford's vision to develop an integrated renewable energy solution. Ford is launching the project with a 13MW solar installation. It will comprise specially developed and locally manufactured solar PV carports around the facility in partnership with SolarAfrica. The installation will consist of more than 31 000 solar panels covering parking bays that can accommodate about 4 200 vehicles. It will fulfil about 30% of the Silverton plant's annual power requirements. SolarAfrica developed a custom-made cantilever carport for the project, which has been specially designed to offer hail protection for the finished goods vehicle inventory. The ultimate aim is to have the entire Silverton assembly plant energy self-sufficient and completely carbon neutral by 2024, achieving "Island Mode" – complete independence from the national power grid and municipal services.</p>
Motivation	Resource seeking; long-term continuation of operations.	Energy supply constraints; increasing power costs; benefits of independent and clean power generation; and operational efficiency.

Project Name	DHL Global Forwarding cargo facility	Ford Investment Programme
Investment value	Not reported	US\$1.05 billion
Invest Rand Value	R126.5 million	R15.8 billion
Project location: Province	Gauteng	Free State
Project location: City/Town	Kempton Park	Silverton
Investor firms	DHL Global Forwarding	Ford Motor Company Southern Africa
Investor country	Germany	United States
Investor city	Bonn	Dearborn
Indicative start date	January 2021	February 2021
Indicative end date	Not reported	2022
Project phase	Announced	Construction/Implementation
Project type	Greenfield	Upgrade
Project industry	Services	Manufacturing
Project sector	Storage and warehousing	Automotive
Permanent jobs	Not reported	1 200
Temporary jobs	Not reported	Not reported
Government partnership	Not reported	The Department of Trade, Industry and Competition
Target Market	Domestic and regional	Domestic, regional and international
Social Development Programme	Not reported	Technology transfer; supplier development; employee development (new training centre to ensure all Ford employees have required knowledge and skills to maximise the efficiencies of the updated facilities.
Project Description	The new facility will span 13 000m <sup>2</sup> of which 10 000m <sup>2</sup> of the space will be dedicated to a warehouse, double the size of existing capacity. The larger warehouse enables the consolidation of DHL Global's warehousing requirements. It will include a specialised cold chain facility, and will also support other services including cross-docking, storage for air, ocean and road freight services, and a platform for breakbulk cargo. DHL will be leasing the space at the Skyparks Business Estate next to the OR Tambo International Airport.	Ford is modernising the Silverton Assembly Plant and expanding production of the new Ranger model. It builds on the Project Blue Oval renewable energy project. Over half the US\$686 million (R10.3 billion) investment will go towards extensive upgrades of the plant. These include a new body shop with the latest robotic technology and a high-tech stamping plant. Ford will also build new modification and training centres. Upgrades will be made to the box line, paint shop and final assembly to improve vehicle flow within the plant. The container and vehicle yards will be expanded. The annual installed capacity will increase to 200 000 vehicles from 168 000, supporting production of the new Ford Ranger pickup truck for the domestic market and export. The plant also will manufacture Volkswagen pickups trucks as part of the Ford-VW strategic alliance. The balance of the US\$365 million (R5.5 billion) investment will upgrade tooling at major supplier factories.
Motivation	Market expansion; strengthening position in South Africa.	Market expansion; new product line.

Project Name	Greater Soutpansberg Project	Makhado hard coking coal project
Investment value	Not reported	US\$32 million
Invest Rand Value	Not reported	R433 million
Project location: Province	Limpopo	Limpopo
Project location: City/Town	Vhembe	Vhembe
Investor firms	MC Mining	MC Mining
Investor country	Australia	Australia
Investor city	Mount Pleasant	Mount Pleasant
Indicative start date	February 2021	February 2021
Indicative end date	Not reported	2022
Project phase	Exploration	Project preparation
Project type	Greenfield	Brownfield
Project industry	Mining	Mining
Project sector	Mining of coal	Mining of coal
Permanent jobs	Not reported	Not reported
Temporary jobs	Not reported	Not reported
Government partnership	Department of Mineral Resources and Energy	Department of Mineral Resources and Energy
Target Market	Domestic, regional and international	Domestic, regional and international
Social Development Programme	Not reported	local supplier development, community ownership, skills development
Project description	MC Mining was granted a mining right for the Mopane project which, together with the Chapudi and Generaal projects, comprises the Greater Soutpansberg Project (GSP) in the Limpopo Soutpansberg coalfield. GSP is envisioned as a long-term coking and thermal coal asset and is complementary to the company's flagship Makhado hard coking coal project. Mining rights for Chapudi and Generaal were issued in 2018 and 2019, respectively. The Mopane project contains 230-million tonnes of measured and indicated coal resources. The GSP is located within close proximity to the Musina-Makhado Special Economic Zone.	Makhado is a coking and thermal coal project. It will be an open pit mine with estimated reserves of 188 million tonnes. Makhado Phase 1 and Phase 2 already have domestic and export hard coking coal offtake agreements. It will be the only producer of hard coking coal in South Africa. Construction was planned for the first half of 2021. AMSA has signed an offtake agreement for about 85% of first phase coking coal from Makhado, equal to about 460 000 tons annually. The project will be rolled out in two phases
Motivation	Resource seeking	Resource seeking

Project Name	Hisense solar power investment	Tyme Bank expansion
Investment value	Not reported	Not reported
Invest Rand Value	R20 million	R1.6 billion
Project location: Province	Western Cape	Gauteng
Project location: City/Town	Atlantis	Rosebank
Investor firms	Hisense	Apis Growth Fund II and JG Summit Holdings
Investor country	China	Multiple
Investor city	Qingdao	Rosebank
Indicative start date	February 2021	February 2021
Indicative end date	2026	2022
Project phase	Announced	Construction/implementation
Project type	Upgrade	Expansion
Project industry	Utilities	Services
Project sector	Renewable energy	Banking services
Permanent jobs	Not reported	Not reported
Temporary jobs	Not reported	Not reported
Government partnership	Not reported	Not reported
Target Market	Domestic	Domestic
Social Development Programme	Not reported	Not reported
Project Description	Hisense plans to implement a solar energy solution to meet power needs at the firm's Atlantis factory. Once complete, the factory will be completely off-grid, able to entirely meet its own energy needs. The project will entail the installation of more than 2 500 solar panels with the capacity to produce 1.9 million kilowatts per hour (kWh) of renewable energy annually.	Tyme Bank, a South African digital bank, secured foreign investment that will be deployed to support the company's growth. The investors are the Apis Growth Fund II, a private equity fund managed by Apis Partners, and JG Summit Holdings, one of the largest conglomerates in the Philippines. Of the overall R1.6 billion about R500 million has already been used. The balance will be invested over the next 12 to 15 months. Tyme Bank is a member of the Tyme Group of companies headquartered in Singapore.
Motivation	Responding to electricity supply constraints; guaranteeing long-term reliable energy supply for the sustainability of the plant ensures jobs security; no loss of productivity due to load-shedding.	Market expansion.



Project Name	Netflix/National Film and Video Foundation (NFVF) partnership	RMIPPPP: Karpowership SA Coega
Investment value	Not reported	Not reported
Invest Rand Value	R14 million	R10.9 billion
Project location: Province	Not Reported	Eastern Cape
Project location: City/Town	Not reported	Gqeberha
Investor firms	Netflix	Karpowership SA/Karadeniz Energy Group
Investor country	United States	Turkey
Investor city	California, Los Gatos	Istanbul
Indicative start date	March 2021	March 2021
Indicative end date	Not reported	2022
Project phase	Announced	Announced
Project type	Greenfield	Greenfield
Project industry	Services	Utilities
Project sector	Film production and distribution	Generation of electricity
Permanent jobs	Not reported	2407
Temporary jobs	Not reported	80
Government partnership	The Department of Arts and Culture, Netflix and the National Film and Video Foundation (NFVF)	Department of Mineral Resources and Energy, National Energy Regulator of South Africa, Eskom
Target Market	Domestic	Domestic
Social Development Programme	Not reported	RMIPPPP economic development commitments criteria: local content, Broad-Based Black Economic Empowerment (BBBEE) (49% black owned), management control, enterprise and supplier development, socioeconomic development and skills development, technology transfer.
Project description	The National Film and Video Foundation (NFVF) and Netflix signed a R28 million partnership to fund South African filmmakers for the production of micro-budget feature films. The parties are contributing R14 million each to the initiative. The films funded will all be featured on Netflix digital platform. Six movies will be funded, categorised into two streams: Stream 1: (R16 million total) — 4 × feature films by emerging filmmakers, capped at R4 million. Stream 2: (R12 million total) — 2 × fictional feature films by established filmmakers, capped at R6 million.	The Department of Mineral Resources and Energy initiated the Risk Mitigation independent power producer procurement programme. Through the programme, the department will be procuring 2 000 MW of new emergency generation capacity from a range of sustainable technology sources to supplement South Africa's power requirements. This project is one of eight projects selected as a preferred bidder for the RMIPPPP. The specially modified vessels will be floating power stations converting liquefied natural gas (LNG) to produce electricity. The projects have a 20-year power purchase agreement with Eskom. Five of the ships are the actual powerships while the other three vessels are known as floating storage regasification units, which convert imported supplied of liquid gas to gaseous form.
Motivation		Risk mitigation independent power producer procurement programme (RMIPPPP)

Project Name	RMIPPPP: Karpowership SA Saldanha	RMIPPPP: Karpowership SA Richards Bay
Investment value	Not reported	Not reported
Invest Rand Value	R7.8 billion	R10.9 billion
Project location: Province	Western Cape	KwaZulu-Natal
Project location: City/Town	Saldanha Bay	Richards Bay
Investor firms	Karpowership SA/Karadeniz Energy Group	Karpowership SA/Karadeniz Energy Group
Investor country	Turkey	Turkey
Investor city	Istanbul	Istanbul
Indicative start date	March 2021	March 2021
Indicative end date	2022	2022
Project phase	Announced	Announced
Project type	Greenfield	Greenfield
Project industry	Utilities	Utilities
Project sector	Generation of electricity	Generation of electricity
Permanent jobs	2407	2407
Temporary jobs	284	87
Government partnership	Department of Mineral Resources and Energy, National Energy Regulator of South Africa, Eskom	Department of Mineral Resources and Energy, National Energy Regulator of South Africa, Eskom
Target Market	Domestic	
Social Development Programme	RMIPPPP economic development commitments criteria: local content, BBBEE (49% black-owned), management control, enterprise and supplier development, socioeconomic development and skills development, technology transfer.	RMIPPPP economic development commitments criteria: local content, BBBEE (49% black-owned), management control, enterprise and supplier development, socioeconomic development and skills development, technology transfer.
Project Description	The Department of Mineral Resources and Energy initiated the RMIPPPP). Through the programme, the department will be procuring 2 000MW of new emergency generation capacity from a range of sustainable technology sources to supplement South Africa's power requirements. This project is one of eight projects selected as a preferred bidder for the RMIPPPP. The specially modified vessels will be floating power stations converting liquefied natural gas (LNG) to produce electricity. The projects have a 20-year power purchase agreement with Eskom. Five of the ships are the actual powerships while the other three vessels are known as floating storage regasification units which convert imported supplied of liquid gas to gaseous form.	The Department of Mineral Resources and Energy initiated the RIPPPIP). Through the programme, the department will be procuring 2000 MW of new emergency generation capacity from a range of sustainable technology sources to supplement SA's power requirements. This project is one of eight projects selected as a preferred bidder for the RMIPPPP. The specially modified vessels will be floating power stations converting liquefied natural gas (LNG) to produce electricity. The projects have a 20-year power purchase agreement with Eskom. Five of the ships are the actual powerships while the other three vessels are known as floating storage regasification units (FRSU) which convert imported supplied of liquid gas to gaseous form.
Motivation	Risk mitigation independent power producer procurement programme (RMIPPPP)	Risk mitigation independent power producer procurement programme (RMIPPPP)

Project Name	RMIPPPP: ACWA Power Project DAO	RMIPPPP: Umoyilanga Energy
Investment value	Not reported	Not reported
Invest Rand Value	R3.7 billion	R1.8 billion
Project location: Province	Northern Cape	Eastern Cape and Northern Cape
Project location: City/Town	Groblershoop	Nelson Mandela Bay; Upington
Investor firms	ACWA Power	EDF Renewables (South Africa); EDF Energies Nouvelles
Investor country	Saudi Arabia	France
Investor city	Riyadh	Paris
Indicative start date	March 2021	August 2021
Indicative end date	2022	August 2022
Project phase	Announced	Announced
Project type	Greenfield	Greenfield
Project industry	Utilities	Utilities
Project sector	Renewable energy	Renewable energy
Permanent jobs	1586	394
Temporary jobs	893	470
Government partnership	Department of Mineral Resources and Energy, National Energy Regulator of South Africa, Eskom	Department of Mineral Resources and Energy, National Energy Regulator of SA, Africa, Eskom, Department of Environmental Affairs, Forestry and Fisheries
Target Market	Domestic	Domestic
Social Development Programme	RMIPPPP economic development commitments criteria: local content, BBBEE, management control, enterprise and supplier development, socioeconomic development and skills development	RMIPPPP economic development commitments criteria: local content, BBBEE, management control, enterprise and supplier development, socioeconomic development and skills development
Project Description	The project is one of the eight successful preferred bidders that will supplement Eskom's power requirements through RMIPPPP. ACWA will be supplying 150MW of power from a technology mix comprising solar PV, battery operated storage system and diesel power plant.	EDF Renewables is a subsidiary of EDF Energies Nouvelles, the renewable energy arm of global French firm EDF. Umoyilanga Energy is among the selected preferred RMIPPPP bidders. The project will combine LPG, wind, solar, and battery storage (BESS) technologies, with two sites in two provinces, Dassiesridge Hybrid Energy facility in the Eastern Cape and the Avondale Hybrid Energy facility in Northern Cape. Dassiesridge comprises a 77.8MW wind farm, 6MW diesel generator and a 45MW BESS with three-hour storage capacity. Avondale comprises a 138MW solar PV facility, 6MW diesel generators and 30MW BESS with a three-hour storage time. The project will be implemented by EDF Renewables (South Africa) association with Perpetua Infrastructure. The projects application for an electricity generation licence was submitted.
Motivation	Risk mitigation independent power producer procurement programme (RMIPPPP)	Risk mitigation independent power producer procurement programme (RMIPPPP)

Project Name	RMIPPPP: Mulilo Total Coega	RMIPPPP: Mulilo Total Hydra Storage
Investment value	Not reported	Not reported
Invest Rand Value	R4.8 billion	R1.8 billion
Project location: Province	Eastern Cape	Northern Cape
Project location: City/Town	Nelson Mandela Bay	De Aar
Investor firms	Total Gaz/Mulilo	Total Gaz/Mulilo
Investor country	France	France
Investor city	Courbevoie	Courbevoie
Indicative start date	March 2021	March 2021
Indicative end date	2022	2022
Project phase	Announced	Announced
Project type	Greenfield	Brownfield
Project industry	Utilities	Utilities
Project sector	Renewable energy	Renewable energy
Permanent jobs	2 567	1 198
Temporary jobs	770	700
Government partnership	Department of Mineral Resources and Energy, National Energy Regulator of South Africa, Eskom	Department of Mineral Resources and Energy, National Energy Regulator of South Africa, Eskom
Target Market	Domestic	Domestic
Social Development Programme	RMIPPPP economic development commitments criteria: local content, BBB-EE, management control, enterprise and supplier development, socioeconomic development and skills development	RMIPPPP economic development commitments criteria: local content, BBBEE, management control, enterprise and supplier development, socioeconomic development and skills development
Project Description	The technology mix the project will deliver comprises solar PV and reciprocating gas engines. The project is one of eight successful preferred bidders that will supplement Eskom's power requirements through the Risk Mitigation Independent Power Producer Procurement Programme (RMIPPPP).	The project is one of eight successful preferred bidders that will supplement Eskom's power requirements through the Risk Mitigation Independent Power Producer Procurement Programme (RMIPPPP). The MTHS Project is a hybrid electricity generation plant comprising of solar photovoltaic (PV) technology, a battery energy storage system (BESS) and emergency backup diesel/gas generators (Gensets)
Motivation	Risk mitigation independent power producer procurement programme (RMIPPPP)	Risk mitigation independent power producer procurement programme (RMIPPPP)

Project Name	DiDi Chuxing Technology Co ride-hailing service	Sishen ultrahigh dense media separation (UHDMS) project
Investment value	Not reported	Not Reported
Invest Rand Value	Not reported	R3.6 billion
Project location: Province	Multiple locations	Northern Cape
Project location: City/Town	Gqeberha and Cape Town	Kathu
Investor firms	DiDi Chuxing Technology Co	Kumba Iron Ore
Investor country	China	United Kingdom
Investor city	Beijing	London
Indicative start date	March 2021	Mar-21
Indicative end date	2021	2036
Project phase	Construction/implementation	Announced
Project type	Expansion	Brownfield
Project industry	Transport	Mining
Project sector	Metered Taxi services	Mining of metal ores
Permanent jobs	Not reported	Not reported
Temporary jobs	Not reported	Not reported
Government partnership	Not reported	Department of Mineral Resources and Energy (DMRE)
Target Market	Domestic	Domestic, regional & international
Social Development Programme	Not reported	Not reported
Project Description	<p>Didi Chuxing (DiDi) is a mobility technology platform – competitor to Uber and Bolt. In addition to ride e-hailing services other app-based transportation services, DiDi provides bike-sharing; on-demand delivery services; and automobile services including sales, leasing, financing, maintenance, fleet operation, electric vehicle charging and co-development of vehicles with automakers. Following a pilot launch of operations in Gqeberha, DiDi is expanding operations to Cape Town. The company has initiated the registration process for drivers in the city.</p>	<p>The Sishen ultrahigh dense media separation (UHDMS) project is an initiative that will extend the life of mine of Kumba's Sishen iron ore mine to 2039. UHDMS separates ore and waste when ore is put through a bath of ferrosilicon, ore sinks and the waste floats. This means better beneficiation, which allows for an upgrade from about eight-million tonnes to 20-million tonnes, an increase of about 12-million tonnes; lowers the cut-off grade; and can essentially bring about 130-million tonnes of reserves into Kumba's portfolio, which extends the life-of-mine.</p>
Motivation	International expansion with opportunity in new market.	Resource seeking; market expansion.

## REFERENCES

- BER. 2021a. Purchasing Managers' Index History Data 2021. Bureau for Economic Research. Available at: <https://www.ber.ac.za/BER%20Documents/ABSA-PMI/?doctypeid=1100&year=2021#12860> (Accessed 7.7.2021).
- BER. 2021b. Absa Purchasing Managers' Index – January 2021. Bureau for Economic Research.
- BER. 2021c. Absa Purchasing Managers' Index – February 2021. Bureau for Economic Research.
- BER. 2021d. Absa Purchasing Managers' Index – March 2021. Bureau for Economic Research.
- Carnie, T. 2020. Covid 'emergency permit' for Turkish floating power ships yanked. Daily Maverick. 25 August 2020. Available at: <https://www.dailymaverick.co.za/article/2020-08-25-covid-emergency-permit-for-turkish-floating-power-ships-yanked/>
- Carnie, T. 2021. Despite Eskom approvals, Turkish powerships still need Transnet buy-in for 20-year harbour moorings. Daily Maverick. 31 March 2021. Available at: <https://www.dailymaverick.co.za/article/2021-03-31-despite-eskom-approvals-turkish-power-ships-still-need-transnet-buy-in-for-20-year-harbour-moorings/>.
- groundWork. 2020. Request to the Minister to revoke the decision regarding the section 30 (A) (1) Directive issues by DEFF for the Karpowership Gas to Power Project(Reference number: 14/7/6/2/4/6/48). 18 August 2020. [https://www.groundwork.org.za/Documents/submissions/2020/gW\\_DEFF\\_Karpower\\_S30A\\_directive\\_2020\\_08\\_18.pdf](https://www.groundwork.org.za/Documents/submissions/2020/gW_DEFF_Karpower_S30A_directive_2020_08_18.pdf)
- Ford. 2020. Ford Embarks On Renewable Energy Programme For Silverton Assembly Plant, Vision To Be 100% Green By 2024. Ford Motor Company Southern Africa. 13 November 2020. Available at: <https://www.ford.co.za/about-ford/newsroom/2020/ford-embarks-on-renewable-energy-programme-for-silverton-assembly-plant-vision-to-be-100-green-by-2024/>.
- Prudential. 2021. Market Observations: Q1 2021. Available at: <https://www.prudential.co.za/insights/articlesreleases/market-observations-q1-2021/> (Accessed 7.6.2201).
- SARB. 2021a. South Africa's international investment position – March 2021. South African Reserve Bank.
- SARB. 2021b. Economic and financial statistics for South Africa – Last Update Period: 2021-06-30. South African Reserve Bank. Available at: URL <https://www.resbank.co.za/en/home/what-we-do/statistics/releases/economic-and-financial-data-for-south-africa>. (Accessed 7.6.2021).
- SARB. 2021c. Composite Business Cycle Indicators – June 2021. South African Reserve Bank. Available at: <https://www.resbank.co.za/en/home/publications/publication-detail-pages/composite-business-cycle-indicators/2021/CompositeBusinessCycleIndicatorsJune2021> (Accessed 7.6.2021).
- SARB. 2021d. Composite business cycle indicators for South Africa - March 2021. South African Reserve Bank.
- SARB. 2021e. Composite business cycle indicators for South Africa - April 2021. South African Reserve Bank.
- SARB. 2021f. Composite business cycle indicators for South Africa - May 2021. South African Reserve Bank.
- SARB. 2019. Currency and Exchanges guidelines for business entities - 2019-07-18. South African Reserve Bank.
- StatsSA. 2021a. P0441 – Gross Domestic Product (GDP), 1st Quarter 2021. Statistics South Africa.
- StatsSA. 2021b. Gross domestic product 1st quarter 2021. Media presentation. Statistics South Africa.

## APPENDIX

Table 4. Investment-related metrics used in the analysis

Metric	Source	Frequency	Description
Inward investment data	SARB	Quarterly	Inward investment is composed of direct investments, portfolio investments, financial derivatives, and other investments.
Gross fixed capital formation	Stats SA	Quarterly	GFCF is a component of GDP that groups transactions on the net acquisitions (acquisitions less disposals) of capital assets, both existing and new, by general government, private enterprises (i.e. private and quasi-corporations) and public corporations and in addition households and unincorporated enterprises.
Purchasing Managers' Index (PMI)	Absa/BER	Monthly	The survey is conducted by way of questionnaires to a panel of purchasing managers in the manufacturing sector. The questionnaire consists of nine questions on the monthly changes in business conditions in the manufacturing sector. Respondents indicate qualitatively whether a particular activity has increased, decreased or remained unchanged.
Leading indicator Index	SARB	Monthly	The leading indicator index aims to predict future economic activity. The index is based on job advertisements, building plans passed, interest rate spread, real M1 money supply, an index of commodity prices for export commodities, the composite leading business cycle indicator of South Africa's major trade partners, gross operating surplus as a percentage of GDP, the RMB/BER Business Confidence Index, the average number of hours worked per factory worker, the net balance of manufacturers observing an increase in the volume of domestic orders received, and the number of new passenger vehicles sold.