

Development funders mull car project

By [Allan Seccombe](#) 10 Feb 2014

The African Development Bank plans to make a large investment in South Africa's automotive sector with the Industrial Development Corporation, after a US\$200m investment in a manganese project.



Kalagadi Manganese's Untu project. Image: [MDM Engineering](#)

Details of the project were still secret, but an announcement on the construction of an assembly plant could be made in the second half of this year, Alhassane Haidara, chief investment officer of the African Development Bank, said.

Deliberately being vague on details, he said a group of foreign companies are intending to set up a plant which would be a multi-model plant where you can build several models on one chain.

"The concept is new. It will be the first in the southern hemisphere," Haidara said.

The bank is keen to invest in projects with value. Its first investment in a major mining and downstream project in South Africa was a US\$200m injection into Kalagadi Manganese.

Kalagadi has a manganese mine and sinter plant near Hotazel in the Northern Cape, and plans to build a R7bn smelter in Coega to produce a high-value manganese ferroalloy used to make carbon steel.

Kalagadi chairman Daphne Mashile-Nkosi said the US\$200m would be used to complete financing of the mine, the sinter plant and smelter.

Kalagadi investment



Daphne Mashile-Nkosi is putting together a deal to buy ArcelorMittal's stake in Kalagadi. Image: [Metrar](#)

The Public Investment Corporation was about to fund a R3.9bn purchase of ArcelorMittal's 50% stake in Kalagadi by Mashile-Nkosi and a consortium she was putting together, which would include communities and employees. "The Kalagadi project is the type of mining investment the African Development Bank is looking for in Africa," Haidara said.

"On a yearly basis we turn down 85% to 90% of project proposals we receive, not because they're bad projects but because they don't fit this beneficiation aspect," he said.

Most proposals that were brought to the bank entailed digging out a mineral and exporting it in its raw form.

"This is what you see in most countries in Africa, for good reason maybe, because transforming it locally requires infrastructure, competitive electricity and skills, and we may not have that. It's a big part of the challenges facing this continent," Haidara said.

"The question for us now is do we want to be excluded from these direct shipping ore projects, or do we want to get involved in them and influence them so that we can create the conditions for more value on the continent? If we can do that it will be a good thing," he said.

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