

# **AFRICAN DEVELOPMENT BANK**



Reference No: P-ZA-BB0-006

Task Manager: S. OTU; Y. WITHOFS

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## **PROJECT SUMMARY NOTE**

### **SOUTH AFRICA**

### **NYANZA LIGHT METALS**

**OCTOBER 2025**

## PROJECT SUMMARY NOTE – NYANZA LIGHT METALS

<b>Project Description:</b>	The development and operation of an 80,000 tonnes per annum (tpa) sulphate-based titanium dioxide (TiO <sub>2</sub> ) pigment manufacturing plant with associated utility and industrial infrastructure in the Richard’s Bay Industrial Development Zone (RBIDZ), South Africa. The rationale for the Project is to reestablish, modernize and pioneer the large-scale beneficiation of local/regional feedstock of titanium mineral ores into TiO <sub>2</sub> pigment to ultimately achieve import substitution of the product.
<b>Client/Sponsor/ Borrower:</b>	The Borrower will be Nyanza Light Metals Proprietary Limited (“Nyanza” or “the Company”), an SA special purpose entity established in 2011 with its sole purpose being to implement the Project.
<b>Project Cost Structure and Financing Plan</b>	The Project is funded by a syndicate of commercial financiers and DFIs led by Afreximbank and Africa Finance Corporation.
<b>Bank’s Role and Funding Structure</b>	The AfDB has approved a loan facility of up to USD 75 million in senior secured debt to Nyanza, comprising up to USD 50 million of the Bank’s resources and co-financing of up to USD 25 million from the Africa Growing Together Fund (AGTF).
<b>Industry, Market and other key assessments:</b>	TiO <sub>2</sub> is conventionally used in the manufacturing of coatings, paints, paper and plastics. However, beyond these traditional uses, technological developments are unravelling emerging applications of this specialty chemical in fields such as food processing, medical imaging, solar energy, photodynamic therapies, and water treatment. The global demand for TiO <sub>2</sub> is estimated at about 7.42 mtpa (equivalent to approximately USD 20 billion), expected to reach more than 8.68 mtpa by 2030 (CAGR 2.6%), buoyed by rising new uses of the chemical. Demand in South Africa is estimated at about 40 ktpa out of a total African demand of approximately 220 ktpa.
<b>Implementation Arrangements</b>	The Project will be constructed under a turnkey EPC contract. Operation and Maintenance will be handled under an O&M contract including subsequent transfer of technological, operational and maintenance know-how to South African nationals to ensure local capacity for the O&M duties thereafter. During operation, the Project will source titanium mineral feedstock (ilmenite ores, rutile and titanium slags) locally and regionally. The pigments output will be supplied to both international and local markets, substituting partly the current 100% importation of the commodity in South Africa and the rest of Africa.

### JUSTIFICATIONS FOR THE BANK’S INVOLVEMENT:

<b>Strategic Alignment</b>	The Project aligns with all the High 5 priorities under the TYS 2024-2033. Through the realization of key chemical industry infrastructure, the Project will contribute directly to South Africa’ goals of economic transformation and re-industrialization, as per its Economic Reconstruction and Recovery Plan (ERRP, 2020). The Project is also well aligned with both priority areas of the CSP for SA (2023-2028), which aims at promoting industrialization and developing the private sector.
<b>Additionality and Complementarity</b>	Strong DFI financial additionality through provision of long-term hard currency financing beyond what commercial financiers would be willing and able to provide and filling gap of ZAR funding.
<b>Development Outcomes</b>	Households (job creation – 2,400 during construction and 850 during operation; community based CSR activities); Firms (creation of new industries and strengthening of companies in the titanium mineral value-chain, boosting intra-Africa trade, increased availability of locally produced TiO <sub>2</sub> pigments on SA market to substitute import); contribution to improvements in SA’s balance of payments; foreign currency earnings from TiO <sub>2</sub> pigment exports). The project is expected to boost the manufacturing sector, which currently contributes less than 15% to South Africa’s GDP. Thus, the Bank’s intervention will help stimulate growth in manufacturing output and contribute more to aggregate output in the economy.
<b>E&amp;S Safeguards</b>	The project is assigned Environmental and Social Category 1 (High Risk) as per Integrated Safeguards System (ISS) requirements. The project Environmental and Social Impact Assessment (ESIA) was prepared by the client, reviewed and cleared by the Bank and approved in country. The client also has in place an Environmental and Social Management System with an overarching E&S policy which was reviewed and cleared by the Bank; and an ESMS Assessment Report with an Environmental and Social Action Plan (ESAP) agreed upon with the client. The ESIA and Nyanza’s Environmental and Social Policy as a pillar of the ESMS were disclosed in-country by the client on 7th of December 2023 and by the Bank’s on 19th of December 2023. The client also prepared a Stakeholder Engagement Plan, Emergency Preparedness and Response Plan, and a Hazardous/Waste Management Plan (HWMP) which were reviewed and cleared by the Bank. The client has already obtained a License from the Department of Forestry, Fisheries, and the Environment for the establishment of a Recovery and Treatment of Hazardous Waste facility. There is adequate Environmental

	and Social capacity including occupational health and safety personnel in the project team with resources through a budget line for supervision and monitoring.
<b>Climate change</b>	While the project incorporates climate resilience measures, it is also expected to contribute to sustainable industrial development, local value addition, and low-carbon innovation within South Africa’s mining and manufacturing sectors. This enhances its alignment with South Africa’s Second Nationally Determined Contribution (NDC,2025); South Africa’s Critical Minerals and Metals Strategy (2025), a core policy framework within the country’s green mineral policy landscape.
<b>Gender, Youth employment</b>	This project is assigned Category II under the Bank’s Gender Marker System as it is expected to enhance gender equality and women empowerment through creation of a workplace environment that is inclusive, supportive and equitable for all employees, regardless of gender. The project will prioritize gender inclusion in its economic activities by fostering partnerships with female-owned businesses and small enterprises, creating employment opportunities for women across construction, operations, and supply chains. The project is expected to create 850 jobs during operational phase of which 45% will be women. Out of the 2,400 jobs to be created by the project during construction, 30% is envisaged to be female, 30% will be youth, 20% will be taken up by low-income earners. During the operations phase, the 850 direct permanent jobs that will be created will include 45% female, 30% youth, 20% low-income earner jobs.