

# A FUNDER'S PERSPECTIVE ON ROLLING OUT ELECTRIC VEHICLE TRANSPORT

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## ABSTRACT

In 2021, the Industrial Development Corporation of South Africa (IDC) formulated and executed its Automotive and New Energy Vehicle (NEV) Value Chain Strategy. The strategy aimed to facilitate the industry's shift towards NEVs, promote decarbonization in the automotive and transport sectors, and identify prospects for localized production and value addition throughout the supply chain, including components and battery minerals. The South African Just Energy Transition Investment Plan (JET IP) also recognizes the significance of decarbonizing the transport sector to meet nationally determined climate (NDC) targets while sustaining the local manufacturing base for automotive and transport equipment. The NEV transition encompasses various segments such as the traditional OEM supply chain, Machinery & Equipment, Last Mile Delivery, Public Transport, associated infrastructure, and the battery value chain. Each segment has unique drivers for adoption, such as EU legislation prohibiting internal combustion engine vehicle (ICEV) sales from 2035 or considerations of ESG and shareholder value. Some segments require upfront investments in infrastructure, while others follow project/business development pathways to introduce vehicles and infrastructure. Additionally, certain segments will witness the convergence of Green Hydrogen Fuel Cells, battery technology, and renewable energy. For financiers, this emerging growth sector offers short, medium, and long-term opportunities and linkages to other value chains, but it also poses challenges related to adoption, investment in infrastructure, building new capacities, and valuation models.