

Presidency looks to infrastructure investment for post COVID 19 recovery

This week, the Presidency hosted a Sustainable Infrastructure Development Symposium wherein the outline of South Africa's Infrastructure Investment Plan was set out. Infrastructure has long been recognised as a key driver of economic growth but the allotted amounts have not been fully spent over the course of the past few years. Underspensing has come about as a result of a variety of factors but fortunately it means that an infrastructure investment led plan can be realised without additional fiscal commitments. There is also a strong commitment to sourcing private sector investment into infrastructure. The framework for public-private-partnerships have not yielded significant private sector investment into infrastructure but the concept remains sound, and hence the commitment to review the framework for these investments is certainly a step in the right direction.

Investments that will be prioritised are those which can have a catalytic effect, result in socio-economic benefits and which will favour industries with significant job creation potential. The focus will hence be on water and sanitation, ICT, energy and agriculture.

On the latter point, the Minister of Agriculture, Land Reform and Rural Development hosted a roundtable discussion with leaders from the agricultural sector. The Minister noted that the sector requires investment to improve port efficiencies, logistics such as rail, disease control and research to remain internationally competitive. In addition to state-led investment into infrastructure, the participants agreed that policy levers are required to stimulate greater investment by the industry itself. These included the concept of blended finance for agricultural development that is based on an open and competitive system that includes all participating financiers, the detail of which is currently being developed under the Nedlac Job Summit working groups. Agbiz' Wandile Sihlobo also motivated for the conversion of insecure tenure rights to stimulate investment into South Africa's communal areas. These areas are critical for expansion in the agricultural sector.

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