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## State build hindered by poor planning

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Poor project preparation is undermining the government's efforts to use infrastructure development to grow the struggling economy, which needs an additional R16-trillion in public sector infrastructure investments by 2030, says public works & infrastructure minister Sihle Zikalala.

This comes as the country continues to be hit by socio-economic crises, including persistent load-shedding, slow economic growth, high joblessness and a rising cost of living, systemic corruption, violent crime, stubborn inequality and deepening poverty.

Zikalala said that while the government's Infrastructure SA, which was previously headed by electricity minister Kgosisentsho Ramokgopa, had a pipeline of projects and programmes, "a significant number of these projects are not sufficiently prepared and packaged such that funding and financing decisions can be made".

"Moreover, the majority of these projects are submitted by less-resourced municipalities," Zikalala said in a written reply to a question by IFP MP Sanele Zondo.

The minister could not be

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## Poor preparation hinders state build projects

reached immediately to comment further.

Zondo had asked the minister whether his department, in light of the R600m in funding allocated to Infrastructure SA from 2023 to 2025 for project preparation, would make use of local skills in rural and under-resourced areas where the projects would be implemented to create opportunities for employment.

In his state of the nation address in February, President Cyril Ramaphosa announced the country's infrastructure build programme was gaining pace through the work of the Infrastructure Fund and Infrastructure SA, which had been established to support strategic infrastructure projects.

Ramaphosa, however, said one of the "greatest obstacles" to infrastructure investment was the lack of technical skills and project management capacity.

"To fix this, Infrastructure SA has been allocated R600m for project preparation, specifically in rural and under-resourced areas. The support and planning mechanisms that we have put in place over several years are now starting to bear fruit in increased public investment in infrastructure," he said.

"By January this year, projects worth R232bn were under construction and projects worth nearly R4bn had been completed. The completed projects include new human settlements in Gauteng, road upgrades and the development of small harbours."

In his parliamentary reply to



Zondo, however, Zikalala said that delivering an effective infrastructure-led economic recovery plan would require the government to overcome various challenges in the infrastructure ecosystem.

These pertained to, among others, "infrastructure under-spend due to poor project preparation and lack of capability and capacity in the public sector". He said SA had seen declining fixed capital investment and economic performance over the past decade.

The fixed investment ratio has declined dramatically over the past 15 years, from 22% of GDP in 2018 to just 14% now, according to Absa economist Peter Worthington.

"Analysis of this widening investment gap to National Development Plan-targeted

growth levels shows that an additional R1.6-trillion in public sector infrastructure investment is required by 2030, over and above that forecast for current public sector entities," Zikalala said.

The former KwaZulu-Natal premier said the pipeline of well-prepared projects is scarce and thus "limiting investment opportunities".

"Given the risks and uncertainties of project preparation, the private sector has understandably been hesitant to get involved during the early stages of infrastructure projects or programmes. It is important that government invests in project preparation," he stressed.

Project preparation would unleash significant private sector investment: ensure a viable, efficient and bankable project

portfolio; and augment the technical and financial engineering capacity in under-resourced provinces and municipalities, Zikalala said.

It would also enable economic and social development to take off as projects are brought to financial close.

The minister said the R600m allocation to Infrastructure SA over the medium-term expenditure framework will be used to prepare and package infrastructure investment projects and programmes "in priority sectors such as water and sanitation, rural and municipal roads, energy, education and health infrastructure projects and programmes".

"Infrastructure SA will provide continuous oversight and monitoring of the projects that benefit from the project preparation funds to support the successful execution of projects beyond preparation stages," Zikalala said.

"Through the Infrastructure SA Centre of Excellence, the impact of the infrastructure projects will be monitored closely to quantify the extent to which, inter alia, job opportunities in the local area were realised and the value to society and the economy that is derived from the infrastructure asset."

Addressing the fifth investment conference in Johannesburg in April, Ramaphosa said the country had hit R1.51-trillion in commitments. This means "we have overshoot our initial R1.2-trillion target by 26% – a whopping R301bn".  
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### Challenges in the system:

Minister of public works & infrastructure Sihle Zikalala briefs the media on progress in implementing the National Infrastructure Plan in Pretoria.  
/ Freddy Mavunda