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**Media Statement by Minister of Public Works and Infrastructure,
Patricia de Lille, MP**

Infrastructure Investment Plan and Mass Public Employment Programmes to catalyse economic growth and job creation

INTRODUCTION AND CONTEXT OF THE INFRASTRUCTURE INVESTMENT PLAN:

President Cyril Ramaphosa introduced the Economic Reconstruction and Recovery Plan on 15 October 2020.

The Plan focuses on how we can all, public and private sector, government, labour and communities, work together to use this pandemic also as a window of opportunity to build South Africa back up, better.

This is to be done through the creation of jobs, primarily through infrastructure investment and implementation as well as related mass employment programmes.

Today, I will unpack the infrastructure development and related mass employment programme aspects of the Economic Reconstruction and Recovery Plan.

Leading up to the Recovery Plan was Cabinet's approval of South Africa's Infrastructure Investment Plan in May 2020. The Infrastructure Investment Plan relates to a new methodology of project planning, preparation and packaging infrastructure projects to ensure their bankability.

This has produced a credible pipeline of infrastructure projects across the country that are not only transactional in nature but also address the social, economic and spatial injustices of our past.

The Construction Industry has been the most severely impacted by the downgrade in the economy and COVID-19 with a -14.2% contraction in the Construction Sector.

Since the end of 2019, the Department of Public Works and Infrastructure (DPWI) has worked closely with the Infrastructure and Investment Office in the Presidency to put together a pipeline of infrastructure projects that will completely transform the landscape of our cities, towns and rural areas.

The Infrastructure Investment Plan focuses on implementation and investment in the immediate, medium and long term.

The Infrastructure Investment Plan not only speaks to new infrastructure projects but also maintenance and repairs of existing infrastructure as well as urban management or the clean-up of our cities and towns.

The first phase of the Infrastructure Investment Plan includes projects from all three spheres of government, State-owned enterprises and the private sector.

Fifty (50) infrastructure projects were determined ready for investment and implementation. A further 12 special projects, of which 5 had an additional focus of mass employment, were identified in the Plan. All 62 were then gazetted as Strategic Integrated Projects (SIPs) in July 2020.

The gazetting in terms of the Infrastructure Development Act, enables projects to be prioritised and fast tracked for implementation with all regulatory processes fast-tracked as processes now run concurrently.

All 62 SIPs are at various stages of the project life cycle and will result in major job creation and stimulation of the economy over several financial years.

Those infrastructure projects that are already in construction will see their future phases brought earlier for implementation, including some human settlements projects.

I must emphasise that the DPWI is not usurping the role of the owners of these projects but we are merely pulling them altogether into a credible pipeline and have a steering committee to monitor implementation, to assist where blockages arise to prevent delays and ensure implementation is achieved.

WHAT IS NEW AND DIFFERENT?

Cabinet approved the establishment of Infrastructure South Africa or ISA as the single-entry point for all infrastructure projects. ISA has been tasked to drive the implementation of the Infrastructure Investment Plan.

ISA is the administrative arm to assist with blockages, unlocking funding and monitor implementation.

Many questions have been asked about implementation and I am pleased to say that some of the gazetted projects are at various stages of the project life cycle and some are already underway.

To ensure that there is active implementation of our infrastructure built programme, we have now operationalised the Infrastructure Fund to provide the capacity to prepare and package projects.

There were a number of blockages that were causing delays and ISA together with the recently established SIP Steering Committee has already been able to deal with many of these blockages to get those projects out of the starting blocks.

Government has also committed R100billion over 10 years to the Infrastructure Fund.

The Infrastructure Fund is already encouraging private investors to help us build capability for infrastructure delivery within the state and to develop blended financing models.

What is also new is that the new methodology assesses the projects in terms of how they will advance the national development goals, including the National Development Plan and the National 7 key priorities of the 6th Administration of and the African Union Agenda 2063.

What will be different with implementation is that we have collated, assessed and gazetted the projects, we had pitching sessions expecting R340billion in private sector investment for some of the 62 gazetted projects.

Projects have been gazetted in terms of the Infrastructure Development Act and this means that various processes relating to implementation, such as approvals, authorisations, licences, permissions or exemptions now run concurrently instead of the usual process of one process happening after the other.

In terms of the institutional arrangements that will ensure implementation is achieved, we have taken steps to remove the constraints that have hampered infrastructure delivery in the past.

ISA is now building capacity to prepare and package projects and to ensure oversight in the implementation of South Africa's Infrastructure Investment Plan.

ISA is also in the process of adapting the infrastructure procurement framework to enable public-private partnerships and unlocking new funding mechanisms for major infrastructure investment.

In August, we also advertised for professionals to serve on the Technical Advisory Panel for the Infrastructure Investment Plan.

This is to support the implementation of the plan and the panel will consist of technical experts from the following sectors: energy and alternative energy, financial structuring, infrastructure investment and planning, the oceans economy, urban management and green financing to name a few.

These experts will be used on a needs basis and called upon to provide independent, strategic, tactical and technical assistance to ensure the expedited planning, monitoring and implementation of the Infrastructure Investment Plan.

Just under 1 200 applications were received and the shortlisting of candidates has been done. We are expecting to make the final appointments for individuals to serve on the Technical Advisory Panel by the end of this week.

FINANCING THE INFRASTRUCTURE PROJECTS:

From a funding perspective there has also been substantial progress made over the past few months since the approval of the Infrastructure Investment Plan.

We are using three funding channels to ensure that the infrastructure projects will be implemented.

The first is funding from the private sector and this includes funding from international funding institutions, multilateral development banks, development financing institutions and commercial banks.

The second is blended financing where we encourage the private sector to invest in the Infrastructure Fund.

The Infrastructure Investment Committee, of the Infrastructure Fund, which I will chair, will comprise both public and private sector members. The Committee will ultimately be responsible for the approval or rejection of infrastructure investment proposals made to the Infrastructure Fund.

We consider it very important that the private sector is involved to ensure both confidence in the market and to draw guidance and expertise from the private sector.

The Green Infrastructure Bond instrument is a further funding option that is being explored as it gives us the opportunity to look at alternative funding sources coupled with the drive for green, energy efficient infrastructure solutions that meet the climate change mitigation needs of our country.

The third funding stream is from the fiscus. This is essentially for social infrastructure which is the responsibility of the state. Infrastructure South Africa, being the single entry point, aims to ensure that all infrastructure is constructed to optimal standards and that the entire lifecycle of the infrastructure is considered in the costing, no matter the type of infrastructure or the funding source.

I would like to speak about some of the infrastructure-related mass employment programmes that will be funded by the fiscus. There are essentially 5 mass infrastructure-led public employment programmes that have been gazetted. They are part of the Special Projects.

MASS PUBLIC EMPLOYMENT PROGRAMMES GAZETTED AS SIPs:

1. The first infrastructure-led mass public employment programme is Special Integrated Project 29, known as the Comprehensive Urban Management Programme which is to be implemented across all 44 districts and 8 metros to clean up our cities and towns.

SIP 29 is being done by the National Department of Public Works and Infrastructure together with the Department of Cooperative Governance and Traditional Affairs and the Municipal Infrastructure Support Agency (MISA), using the District Development Model systems.

This programme will employ and sustain 52 000 jobs over the next 3 years whilst also providing training and skills development to aid in the sustainability and longevity of employment post the programme.

This translates to approximately 1000 jobs per district and we are starting in the Vhembe District Municipality, OR Tambo District Municipality and eThekweni Metropolitan Municipality.

The activities will be locally driven, allowing participants to earn an income while contributing to their community in tasks such as cleaning our towns, cities and townships.

Recruitment is to be done using the COVID-19 Social Grant database coupled with the Indigent Grant databases of the respective Local Municipalities. The identified focus areas that are to be addressed in the urban management plan will be determined through social facilitation with local communities, the District Champions and Local Champions.

2. The second Special Programme, which has a mass public employment component that I would like to elaborate on is SIP 25 - The Rural Bridges Welisizwe Programme. This project is a partnership between the Department of Defence and the Department of Public Works and Infrastructure for the installation of bridges over rivers to enable the safe crossing of communities and in many cases children to schools and health facilities as well as economic opportunities.

Gazetting this Programme has enabled the rollout of bridges to be scaled up. The delivery programme, subject to the finalisation of the funding which is imminent is for the installation of 14 bridges by March 2021 and 170 in the following 12 months.

The Plan is for the installation of 400 bridges in 3 years, with the priority provinces being Eastern Cape, KwaZulu Natal and Free State. The intention is for immediate term to utilise the existing funding and technology while a new procurement process is being embarked on. This process will explore innovative technology and funding options from the national and international markets.

3. Thirdly, SIP 30 - Digitisation of Government Information Programme, which is led by the Department of Public Service and Administration, focuses on accelerating of job creation as a response to the global Covid-19 pandemic, through the creation of mass employment opportunities for 10 000 unemployed youth graduates to digitise physical paper-based government records.

4. Lastly, is SIP 26 - the Rural Roads Rehabilitation and Upgrading Special Programme. This Programme is a partnership between the National Department of Transport, SANRAL, MISA and two Universities, with ISA as coordinator.

The Programme, which has also had a mass public employment component to it, specifically focuses on innovative local technologies, using labour intensive methods and local materials. More than 4,000 jobs will be created in labour-intensive maintenance and construction of rural roads with a method that focuses on local conditions and assisting the communities in maintenance and upkeep.

The 200 kilometres of roads that have initially identified are in the rural areas of the Eastern Cape, North West, Limpopo, Free State and KwaZulu Natal.

In all of these programmes, we will ensure that recruitment is fair, open and transparent, and that opportunities are advertised widely.

The Infrastructure and Investment Plan also places special emphasis on skills development and tapping into the skills of unemployed citizens.

DPWI has opened a skills portal on our website where skilled unemployed persons can upload their details and CVs to be in line for opportunities as the various infrastructure projects are rolled out.

DPWI also advertised a number of job opportunities in October as part of the Presidential Employment Stimulus Package.

The opportunities will be localised following the District Development Model and participants will gain varied technical skills and competencies.

In total there over 1 700 opportunities were advertised earlier this month by DPWI in water and energy savings programmes, rural bridges and facilities management and construction programmes.

The department is currently finalising this recruitment process in all provinces.

The Mass Public Employment Programmes is the employment stimulus to create jobs and support livelihoods.

Large-scale job interventions driven by the state and social partners have proven effective in many countries that have faced devastation from wars and other crises. These activities will be locally driven, allowing participants to earn an income while contributing to their community.

Traditional forms of public employment are being scaled up and new forms of public employment created to meet the immediate need.

Public employment will be expanded at the provincial and city level, contributing to cleaner, greener and safer public spaces and improved maintenance of facilities.

The June 2020 Supplementary Budget included a provisional allocation of R19.6 billion for the Presidential Job Protection and Creation Initiative. R12,6bn has been allocated to support this initiative with the balance going towards funding the extension of the COVID special grant until the end of January 2021.

Since the publication of the Supplementary Budget, the Project Management Office in the Presidency has worked to coordinate all implementing departments and agencies and facilitate the submission of budget proposals and implementation plans to National Treasury.

Strong partnerships with implementing departments has been critical in the design of each programme. These proposals have been reviewed by National Treasury as part of a dedicated budget process and R12.6 billion funding has now been allocated to 11 departments. These include supporting more than 300 000 young people employed as teacher assistants across the all public schools. More than 60,000 jobs will be created for labour-intensive maintenance and construction of municipal infrastructure.

Additional 6,000 community health workers and nursing assistants will be supported. Support is being provided to more than 100,000 early childhood development practitioners and to 75,000 small-scale farmers whose production was disrupted by the pandemic.

The employment stimulus includes direct support for livelihoods and the protection of jobs in vulnerable sectors such as the sports arts and creative sectors.

The employment stimulus will have a transformative impact in response to the current scale of job losses in the economy, and will provide direct support to over 800,000 people in this financial year.

With implementation plans approved and funded through a budget process all departments are ready to roll-out the employment stimulus.

In terms of recruitment, many existing programmes will have established systems for recruitment which may be used to source additional participants.

Recruitment must be open, fair and transparent, and positions must be advertised as widely as possible in the areas where work will take place.

Programme and recruitment material will be clearly reference the Presidential Employment Stimulus to ensure that the presence of the stimulus is felt on the ground. Complete and accurate information must be collected for each participant to verify their identity and enable reporting. Where needed, the national Pathway Management Network can be used to recruit unemployed youth from existing databases – reducing the time required for recruitment processes.

UPDATE ON SOME OF THE GAZETTED STRATEGIC INTEGRATED PROJECTS:

The recently established SIP Steering Committee is fast-tracking the implementation of the 62 gazetted strategic integrated projects, through the mechanisms as provided in the Infrastructure Development Act, including the approval of credit enhancing instruments, unlocking the funding for the provision of bulk infrastructure, and speedy processing of water use licenses, environmental impact assessments and township establishment.

Many of the Human Settlement SIPs, some of which the President briefly referred to, have been constrained due to the funding of bulk services. I will briefly unpack this. What the gazetting has managed to achieve is for ISA together with the Steering Committee to expedite the processes towards reaching concrete solutions that will see the next phases of these integrated housing projects commencing, resulting in major job creation and the development of much needed human settlements across the country.

The Strategic Integrated Projects that are currently under construction but require funding solutions for their bulk infrastructure as they look to expedite the further rollout of their integrated human settlement developments are:

- Lufhereng in Johannesburg, Gauteng, a mixed use, Integrated Human Settlement development located in close proximity to Soweto. The development is envisaged to deliver over 24 000 housing opportunities of different typologies. Over 7000 jobs are to be created of which 2000 are already in existence. ISA is engaging the National Housing Finance Corporation determine how to fast track the disbursements of the FLISP subsidies for the Lufhereng SIP. Further, the local community and SMME's are benefitting from the project through subcontracting, material supplies and secondary opportunities.
- Mooikloof and Green Creek in Tshwane, Gauteng which are two substantial integrated housing private sector projects with integrated affordable housing solutions, which together are estimated to yield about 60 000 jobs.

- Greater Cornubia in KwaZulu-Natal which is also a mixed use Integrated Human Settlement development located in eThekweni. The development is expected to deliver over 57 000 housing opportunities and 64 000 jobs across the project lifecycle; and
- Vista Park I & II in which is a Human Settlements development located in Mangaung, Free State. This project is expected to yield 33 300 units and 5 500 jobs are to be created over the project's lifecycle.

In total **18 housing projects** have been gazetted as Strategic Integrated Projects, to the value of R129 billion which together will produce more than **190,000 housing units**.

ISA, together with the Steering Committee is further fast-tracking the implementation of other of the priority infrastructure projects by facilitating the approval of credit enhancing instruments, and the speedy processing of water use licenses, environmental impact assessments and township establishment, amongst others.

One Infrastructure Project that has already seen success is SIP 19a which is Phase 2A of the Mokolo Crocodile River Augmentation Project. The increase in the interim borrowing limits have been approved. Secondly, the long-awaited decision on environmental authorisation was issued by the Department of Environment Forestry and Fisheries on 11 October 2020 where the appeals were upheld. Lastly, the signing of the water supply agreement by Eskom is imminent. This R10 billion commercial and/or blended funding solutions can be finalised which will then see this Project move to construction.

Another is SIP 20A the Emergency/Risk Mitigation Independent Power Purchase Procurement Programme where the Department of Mineral Resources and Energy is the lead and the IPP Office as its Implementing Agent.

ISA has assisted in expediting certain processes for the SIP, which has an estimated capital cost is R40 billion that will be privately funded with an Eskom Power Purchase Agreement. The bid submissions for the Request for Proposals for this 2000 MW Programme will close on 24 November 2020 and the preferred bidder announcements will be around 15 December 2020. The anticipated financial close and start of implementation is 30 April 2021.

CONCLUSION

In conclusion and going forward, I want to stress that we are going to be working feverishly behind the scenes so to speak and will only make further announcements and launch projects once we are satisfied that there is an active construction site or any other activity happening.

Government is leading with investment in infrastructure to create the conditions conducive for the private sector to also create jobs.

This is just the first phase of 62 gazetted projects and we have started screening more infrastructure projects for the second phase.

Implementation is key, along with working together in partnership – all spheres of government, the private sector, labour and communities - to build South Africa back, better.

A list of all the 62 gazetted projects can be viewed here:

https://www.gov.za/sites/default/files/gcis_document/202007/43547gon812.pdf

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