



Issued by Chief Directorate: Communications
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Issue Date: 7 October 2021

Speech by Minister of Public Works and Infrastructure, Patricia de Lille, MP

Sustainable Infrastructure Development Symposium (SIDSSA) 2021 presents 55 new projects for investment and infrastructure development

Note to editors: The following speech was delivered by Minister Patricia de Lille at the opening the Sustainable Infrastructure Development Symposium (SIDSSA) 2021 at the Sandton Convention Centre today, 7 October 2021

- Your Excellency, Honourable President Cyril Ramaphosa
- Honourable Ministers
- Members from the business community, development finance institutions, multi-lateral development banks, government departments and institutions
- Representatives from State-owned entities
- Representatives from the academic community
- Members of the media and public

Good Morning, Goeie More, Sanibonani, Dumelang, as-salaamu ailakum, shalom,

It is my great honour to welcome you Mr President and all esteemed guests to the second instalment of the Sustainable Infrastructure Development Symposium - SIDSSA 2021.

Last year on 23 June 2020, we held the inaugural SIDSSA presenting a bold plan on infrastructure development in which government put out a strong call to work closer with the private sector to get the job done and implement much needed infrastructure delivery in our country.

Despite the COVID 19 pandemic, we soldiered on and got the construction industry back to work.

This year, we are proud to be able to come back to the market with a new round of projects which has been highly anticipated as the feedback from last year's event saw many companies asking for when the next round of projects would be presented.

The SIDSSA 2021 is a platform created by the government to continue forging the social compact between government, private sector, labour and civil society in the infrastructure space.

A pipeline of 55 new catalytic projects in South Africa will be unveiled to show how the country plans on deploying infrastructure.

The 55 new projects being presented to the market are from various sectors valued at around R595billion with a funding gap of around R441billion.

Collectively the estimated employment opportunities from these projects amount to over 538 500.

This year's SIDSSA project pipeline focusses on the following areas:

- Potential Public Private Partnerships
- Green Economy
- Student Housing/Accommodation
- Manufacturing and Industrialisation Focus
- Social Infrastructure
- Infrastructure Fund approved Projects
- Investment into the Digital Economy

One of the projects I am very proud being presented this year is the private sector Maitland Metro Precinct Development in Cape Town which is already in construction.

We visited the site of this integrated, affordable, well-located human settlements development a few weeks ago and these teams are moving fast to get the project completed and bring affordable housing to the gap market in Cape Town.

This is a private sector project which will see around 1 200 new residential units being developed for the rental, social housing and FLISP market targeting low to middle income earners.

Other projects include several student accommodation projects, other integrated residential developments, the Lanseria Smart City development, various digital infrastructure projects and green hydrogen projects.

Prior to the SIDSSA 2021, pitching sessions were held with the market to increase the supply/quantum of projects towards bankability.

The pitching sessions were also aimed at showcasing projects in South Africa's Infrastructure Portfolio for raising capital from national and international investors.

The significance of infrastructure in development is also central to the Economic Reconstruction and Recovery Plan announced by President Ramaphosa in October last year in which infrastructure development was called the "flywheel to economic growth".

As government we are demonstrating the importance of investing in infrastructure development in order to create the conditions conducive for the crowding in effect by the private sector.

I must also take this moment to thank the private sector partners for working with us over the past two years on putting together a credible pipeline of infrastructure projects and assisting with project preparation to bring projects to bankability stage.

In terms of Skills development, ISA also partnered with a number of the Private Sector Associations to assist ISA in providing the necessary portfolio management and structuring skills of the projects under review.

Approximately 20 private sector experts were seconded to ISA to support the acceleration of its infrastructure programme.

We have further also engaged with the Infrastructure and Projects Authority in the UK who provided training facilitated by the Commonwealth and Development Office on the 5 Case Business Model for infrastructure / project delivery as recognised by the G20 and embedded in UK Treasury.

Given the challenges with regard to budget constraints it is vital that government works with the private sector to invest in projects and infrastructure that will ensure inclusive growth and development in order to assist the recovery of our economy.

Public infrastructure investment is central to achieving greater productivity and competitiveness, reducing spatial inequality and supporting the emergence of new job-creating sectors.

It is thus one of the non-negotiable foundations of transformation and inclusive growth.

In addition, the construction of infrastructure generates employment and broad-based black economic empowerment opportunities, further contributing to the goals of the National Development Plan.

The SIDSSA is aimed at bringing together role players such as project sponsors, decision makers in government, financing institutions, international authorities and academic institutions in a symposium that allows for sharing of ideas.

Everyone has been called together to have honest and constructive criticism and most importantly an environment that can allow for the forging of long term working relationships.

The symposium is preceded by a series of targeted engagements, currently called The Pipeline Series.

These engagements are aimed at soliciting important feedback from financing institutions on potential projects for showcasing at the symposium or funding in the short to medium term.

The sessions are also able to give an indication of projects that still need project preparation.

The SIDSSA project pipeline is uniquely mapped out by all parties involved, validated by multilateral funders who ensure that the project proposals can be realistically sustainable for investment and ultimately completed.

Projects are considered based on high-level project criteria that includes development impact, job creation, and contribution to economic growth, spatial inclusivity, and transformation.

Additionally, technical project information such as the ability to generate revenue and environmental considerations are considered.

PROGRESS SINCE SIDSSA 2020:

I will now report back to the audience and South Africans on what has happened since the first Symposium in June last year.

We presented the Infrastructure Investment Plan which comprises 62 projects that were gazetted in terms of the Infrastructure Development Act in July last year.

The gazetting of these projects allows the projects to follow an expedited path to implementation as outlined in Schedule 2 of the Infrastructure Development Act.

Infrastructure Fund

We have also operationalised the R100billion Infrastructure Fund and the Infrastructure Investment Committee, chaired by myself has been established and has met three times.

Government innovatively established the Infrastructure Fund as seed funding with R100billion over 10 years from government as a Blended Finance instrument, to crowd in additional private sector finance to grow South Africa's Infrastructure programme.

We have established various governance structures including the Investment Infrastructure Committee which approves the pipeline of projects that lend themselves to blended finance.

To date, the Infrastructure Investment Committee has met three times and approved projects that cut across various sectors to be financially structured by the Infrastructure Fund to leverage private sector financing.

The Infrastructure Fund manages a pipeline of more than R80 billion rand – providing the seed funding for these projects and crowding in investors through blended finance innovative approaches.

To date the Infrastructure Investment Committee has approved the following projects be funded through the Infrastructure Fund instruments:

- the Student Housing Infrastructure Programme with a total project estimated investment value of R6.7 billion, we have allocated around R3.4billion from the Infrastructure Fund
- SA Connect Phase 2, worth R53 billion with the contribution of the Infrastructure Fund to be around R20billion
- Phase 2A of the Mokolo Crocodile River (West) Augmentation Project in Limpopo to the value of approximately R12 billion where we have approved a R3billion contribution as start-up funding from the Infrastructure Fund.
- The other project approved for a contribution by the Infrastructure Fund is the One Stop Border Posts with Zimbabwe, Mozambique, Lesotho, eSwatini and Botswana where an estimate R1.5 billion will be allocated from the Infrastructure fund.

PROJECT PREPARATION

In November 2020, we also held a Project Preparation Roundtable with the private sector representatives and development finance institutions.

These engagements have helped the government to identify the regulatory impediments before final, costly decisions are made.

While National Treasury provided R440million in funding to assist us with project preparation, we held this engagement to get a deeper understanding of the terms and conditions for project preparation facilities and donors to invest in project preparation.

ISA

Infrastructure South Africa (ISA) which is headed by Dr Kgosientsho Ramokgopa has been established as the single entry point for all infrastructure projects in the Infrastructure Investment Plan which was approved by Cabinet in May 2020.

ISA is the administrative arm responsible for monitoring implementation and assisting project owners to keep all the projects in the Infrastructure Investment Plan moving forward.

The infrastructure projects are being prepared and packaged for investors by Infrastructure South Africa (ISA) whose establishment was approved by Cabinet in May 2020.

ISA is also assisted by the private sector in this regard to ensure projects are bankable.

ISA is also carrying out project preparation to de-risk projects upfront and eliminate key risks at the earliest possible time.

ISA has been established as a programme within the DPWI, which effectively implements the Infrastructure Development Act provisions and is the central point of reference for strategic infrastructure planning, infrastructure development and alignment.

CORRUPTION

At the SIDSSA last year, we said that the Infrastructure Investment Plan underpinned by an Anti-Corruption Strategy with an emphasis on preventing and detecting corruption before it occurs.

Too much time and money is spent after the fact to determine how corruption happened when the deed and damage has already been done.

In May 2021, together with the Special Investigating Unit (SIU), we launched the Infrastructure Built Anti-Corruption Forum along with other partners for a multi-sectoral approach to clamping down in corruption.

The forum is also placing a special emphasis on efforts on detecting and preventing occupation before it occurs with the Infrastructure Investment Plan's projects.

During the first three months of its existence the Anti-Corruption Forum has focussed its work on developing structures and mechanisms to support the operations of the forum.

The forum includes, the Hawks, the National Prosecuting Authority, construction industry bodies as well as Civil Society organisations such as Corruption Watch.

PROGRESS ON SIPS

Mr President, you will recall that you stated last year after Cabinet approved the Infrastructure Investment Plan that these projects would see the country transform into a construction site.

It has been an once in a life time opportunity to work on the Infrastructure Investment Plan and visit all parts of the country to see these projects come to life and provide much needed jobs for our people and the construction industry.

We have learnt a lot as we went along and we are more motivated than ever to continue pushing the implementation of infrastructure projects to create the conditions conducive for economic growth in all sectors.

A number of projects introduced at last year's SIDSSA 2020 have kicked off and are under construction providing much needed jobs for our people.

Infrastructure projects are vital to our economic recovery due to its multiplier effect on restoring economic growth, creating new jobs and protecting livelihoods.

We are building critical network infrastructure such as ports, roads, bridges and rail that are key to our economy's competitiveness.

The projects within the Infrastructure Investment Plan covers the human settlements, energy, transport, water and sanitation, digital infrastructure and agriculture and agro-processing sectors.

The 6th Administration has created a seamless integrated structure to coordinate all Strategic Integrated Projects.

One SIP coordinating structure, called the SIP Steering Committee brings all relevant role players in government, including COGTA, Municipal Infrastructure Support Agent (MISA) and the Development Bank of South Africa (DBSA).

We have criss-crossed the country during this year to view the progress on some of the projects in the Infrastructure Investment Plan.

In total, of the 62 projects, one third of the projects are in construction and some of them are completed such as the N1 Windburg Interchange and the N1 Ventersburg to Kroonstad Roads projects in the Free State.

Also completed is the N2 Mtunzini Toll Plaza to Empangeni in KwaZulu Natal.

Overall, 3 of the 62 gazetted projects are in the procurement stage with the preferred bidders appointed in SIP 20 which is the Emergency Risk Mitigation Independent Power Purchase Procurement Programme for 200 megawatts announced by Minister Gwede Mantashe a few months ago.

Around 13 of the 62 gazetted SIPs are also scheduled to see construction started within the next 12 months.

The remaining projects are at various stages of preparation and feasibility.

RURAL BRIDGES

In terms of social infrastructure, one of the special projects is the Welisizwe Rural Bridges Programme (SIP 25) being implemented by the Department of Public Works and Infrastructure, the Department of Defence and the provincial government who have installed a number of bridges in rural areas in KwaZulu Natal this year.

This lifesaving social infrastructure is bringing great benefit by providing safe passage and access to amenities to communities in rural parts of Kwa-Zulu Natal.

In March we handed over three completed bridges in Ekhamanzi and this work is progressing well with six more bridges completed in Kwa-Zulu Natal since March in the Mangwenya, Amanzimtoti and the Mthoqotho areas.

Five more bridges in KZN are nearing completion and I will be visiting the province in the coming weeks again to view the progress and completed bridges.

A few of these bridges were also completed in rural communities in the Eastern Cape over the past two years.

In terms of skills development, the Welisizwe Rural bridges projects has provided work opportunities through the EPWP but also we recruited 496 Engineering graduates as part of the Presidential Employment Stimulus programme to work on the Welisizwe bridges project across the country.

What makes me very proud of this, is that of the 496 graduates, 52% of them are females.

PROJECT 2: SIP 21: SMALL HARBOURS DEVELOPMENT

Earlier this year, we also visited the Saldanha Bay harbour upgrade project being implemented by the DPWI.

Work on this repair and refurbishment project is currently being implemented at 13 proclaimed fishing harbours in the Western Cape including Kalk Bay, Gordons Bay, Gansbaai and Arniston.

The programme includes removal of sunken vessels, dredging of the harbour basins, repairs to slipways, shore crane replacements, security Infrastructure upgrades, civil Infrastructure upgrades and electrical infrastructure upgrades.

To date the programme in its entirety has created a total of 711 jobs and empowered local SMMEs to the value of over R73 million with the bulk of the SMMEs being a Level 1/2 BBBEE Level at all the harbours mentioned above.

The development of harbours will allow rural coastal communities access to the sea as well as an opportunity to grow the oceans economy in turn creating jobs and growing these coastal towns that were deprived of proper marine infrastructure for many years.

PROJECT 3: SIP 21: TRANSPORT PROJECTS

Various transport and roads projects are in construction and are progressing well such as the R20 billion investment in the N3 National Road upgrade is currently being implemented by the Department of Transport and the South African National Roads Agency (SANRAL) in KwaZulu Natal.

The project of widening a section of the N3 for the construction of the Camperdown Interchange in Kwa-Zulu Natal commenced earlier this year.

Around R82.5 million has already been spent on this project which has also created 237 jobs so far.

Another N3 project currently under construction is the road upgrade between Dardanelles and Lynnfield Park in Kwa-Zulu Natal.

The investment into this project so far stands at R126 million while 248 people from surrounding areas have been employed on this project.

This hugely important project is progressing well as it is on budget and on time.

This arterial is also known as the Durban-Free State-Gauteng Logistics and Industrial Corridor and the road upgrade project will strengthen the logistics and transport corridor between South Africa's main industrial hubs, improve access to Durban's export and import facilities and raise efficiency along the corridor.

It also advances our transformation imperatives. To date 31 subcontractors have been contracted on these two important road upgrade projects.

PROJECT 4: SIP 21 TRANSPORT

The overall investment potential of Transport Projects in SIP 21 is estimated at around R47 billion with approximately 42 500 job opportunities to be created.

Already 4 projects have been completed with the two N3 projects and the N1 Musina Ring Road: Limpopo in the construction phase.

PROJECT 5: SIP 24: HUMAN SETTLEMENTS PROJECTS

The Lufhereng mega housing project being implemented by the Gauteng Human Settlements Department and the City of Johannesburg and its contractors.

So far 1 319 housing units have been completed and 2 093 houses are currently under construction.

This R22 billion project is being implemented in 10 phases to develop over 30 000 households and is expected to be completed in 2029.

This housing project which includes government subsidized housing, GAP housing and social housing will go a long way to address the housing needs of people living in informal settlements in Soweto and has a far-reaching impact on job creation in the community. The project has already created 7 244 jobs.

PROJECT 6: SIP 24: Human Settlements, the Social Housing Programme forms a large majority of the SIP 24 portfolio.

The refurbishment of Joe's place in Tshwane is now completed with only one more tenant to take occupancy of the 42 units while the construction of Fochville (258 units) and Sondela (177 units) is 65% to 70% completed.

The Infrastructure Fund is working closely with Infrastructure South Africa and the Social Housing Regulatory Authority (SHRA) to unlock additional funding from the Private sector towards this programme.

PROJECT 7: SIP 24: PRIVATE SECTOR HOUSING PROJECTS

The Infrastructure Investment Plan also includes various private sector projects such as the Mooikloof and Green Creek housing developments in Tshwane.

These integrated housing projects are well under way with many of the residential units already completed.

The Mooikloof Mega Residential City is a catalytic development project which promotes integration, corridor and transit node densification.

This development also has residential units available for the Financial Linked Individual Subsidy Programme (FLISP) subsidy.

This applies to the affordable or GAP market segment of individuals who earn between R3501 to R22 000 per months.

The first phase of the project consists of approximately 14 500 sectional title units which will increase to 50 000 units and the development will also lead to the creation of some 41 000 jobs at a time when they are sorely needed.

PROJECT 10: SIP 19: WATER AND SANITATION

The Trans-Caledon Tunnel Authority (TCTA) obtained the concurrence of the Minister of Finance for the Guarantee agreements and consent from the Minister of Water and Sanitation to conclude the loan agreements and issuance of government guarantees which allows TCTA to raise R15.45 billion in the capital markets from investors.

This allows for the continue construction of the Lesotho Highlands Water Project in the Vaal River System. About 63 contracts had been awarded and were in force, and 11 were being procured.

With regard to the Mokolo-Crocodile River (West) Water Augmentation Project Phase 2 (MCWAP-2), the Infrastructure Fund recently partnered with TCTA and the Department of Water and Sanitation in submitting a Budget Facility for Infrastructure (BFI) application for the 2021 Adjustments Budget.

The objective is to arrange a R5 billion Standby Facility (R1.5 billion) from the Infrastructure Fund resources and R3.5 billion catalysed from Development Finance Institutions for the Mokolo-Crocodile River project as credit enhancement for the project as well provide confidence to the market that the project will be fully funded.

PROJECT 11: SIP 36 SALVOKOP PRECINCT DEVELOPMENT

Another key project is the Salvokop Precinct Development in Tshwane being implemented by the Department of Public Works and Infrastructure.

This integrated development includes construction of offices for four government departments, namely; the Department of Correctional Services, the Department of Higher Education and Training, the Department of Social Development and agencies – SASSA and the National Development Agency (NDA) as well as the Department of Home Affairs.

The appointment of a contractor to install bulk and internal services at Salvokop has been finalised and the contractor is expected to be on site at the end of October.

This project will see the development of 350 000m² of development of four Government Head Offices.

Four Public-Private Partnerships have been registered for this project and are currently in feasibility and budget approval stages with National Treasury.

PROJECT 12: SIP 28: PV AND WATER SAVINGS ON GOVERNMENT BUILDINGS PROGRAMME

A Request for Information (RFI) was issued on 20 September 2021.

The DPWI property portfolio as the largest property portfolio in the country is responsible for the consumption of a significant amount of electricity and water and generation of a significant amount of waste.

Recent studies places annual electricity and water consumption at an estimated 4021 Gigawatt hours 39 million kilolitres respectively, with over 822 kilotons of waste generated.

This equates to an average annual expenditure on electricity and water of R2.4 billion and R1.8 billion respectively.

The PV and Water savings programme's projected savings over a 30 year period are as follows:

Savings and revenue worth over R401bn by 2050, which can be reallocated to other government priorities;

- Over R253 billion direct contribution to the GDP;
- An estimated 146 000 jobs created;
- A reduction in energy use intensity of between 22% and 45%;
- A water use intensity reduction of between 30% and 55%;
- A reduction in waste and diversion of 50% of current waste from landfill sites, saving 12 million tons;
- A reduction in carbon and other greenhouse gas emission by over 54.5 megatons

PROJECT 13: SIP 20 ENERGY

As mentioned earlier, Minister of Department of Mineral Resource and Energy, the Gwede Mantashe, announced the preferred bidders for the Emergency/Risk Mitigation Power Purchase Procurement Programme (2000MegaWatts).

The objective of this project is to fill the current short-term supply gap, alleviate the current electricity supply constraints and reduce the extensive utilisation of diesel-based peaking electrical generators.

PROJECT 14: SIP 20 ENERGY

The Embedded Generation Investment Programme (EGIP) entails a R2.6-billion-rand investment with an estimated R6 billion of additional private sector investment to be crowded-in.

The programme involves the development, installation and operation of a total aggregate of up to 469 MegaWatt of solar PV and wind embedded generation Projects in South Africa through the provision of Subordinated Loans and Broad Based Black Economic Empowerment (B-BBEE) funding.

The call for proposal for the EGIP programme opened on the 4th of August 2021 and closed on the 30th of September 2021.

NIP 2050

Another development since last year's SIDSSA, is that we have developed the draft National Infrastructure Plan 2050 which seeks to provide long-term plans for infrastructure development.

The NIP 2050 is part of the development of long-term plan for infrastructure for the country is underway.

The National Infrastructure Plan 2050 is intended to generate a visible pipeline of projects, address regulatory and policy impediments, enable greater levels of engagement with the private sector and strengthen the mobilisation of long-term finance of catalytic infrastructure projects.

The first phase of the NIP 2050 focuses on mission critical economic network infrastructure, namely energy and specifically electricity, digital communications, freight transport and water.

The NIP2050 also identifies short-term imperatives that will contribute to the recovery and reconstruction of the economy following the Covid-19 pandemic.

The NIP 2050 also focuses on building capacity across the State in terms of planning, monitoring, budgeting, project management and sector-specific innovation.

The NIP 2050 also places emphasis on strengthening public-private cooperation and stimulation of competition; strengthening economic regulation, promoting industrial development and localisation and delivering on an Africa regional infrastructure programme.

The draft NIP 2050 has been gazetted for a public comment period which closed at the end of September.

The draft NIP 2050 and focuses on four critical network sectors that provide a platform: energy, freight transport, water and digital infrastructure.

There will be a second phase that focuses on distributed infrastructure and related municipal services.

CONCLUSION

Mr President, ladies and gentlemen, we are hard at work to make infrastructure development a priority and to see it succeed.

My emphasis is constantly on implementation, implementation, implementation.

The provision of superior quality infrastructure not only allows an economy to be more efficient but also has the effect of improving its productivity, raising its long-term growth rate and boosting international competitiveness.

Most importantly, it changes the living experience of our communities who need decent infrastructure most.

Apart from ensuring that goods can be transported, infrastructure ensures that all South Africans have access to running water, electricity, roads and bridges.

Later today various breakaway session will take place with Ministers, industry experts, academics and finance sector representatives.

The panel discussions will focus on policy and regulatory reforms such as the NIP 2050, Operations Vulindlela, the Country's Investment Strategy and the ERRP.

Other panels include Urban and Rural Integration, Financing or Spending - the Real Problem and the Political Economy of Infrastructure.

Ladies and gentlemen with that, we can see that our work is cut out for us, we have a serious task to build South Africa back up better and ensure that we drive greater implementation of infrastructure development.

Thank you and God Bless.

ENDS

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