



MINISTRY OF FINANCE  
REPUBLIC OF SOUTH AFRICA

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# SPEECH BY DEPUTY MINISTER OF FINANCE

## DEPUTY MINISTER OF FINANCE, DR DAVID MASONDO'S SPEECH AT THE SATIATED POLICY DIALOGUE ON INFRASTRUCTURE INVESTMENT IN THE CONTEXT OF CLIMATE CHANGE

PLACE: WITS UNIVERSITY

DATE: 18 MARCH 2024

### Introduction

Distinguished guests, key stakeholders, ladies and gentlemen,

It is my great pleasure to welcome you all to this important policy dialogue on infrastructure investment within the context of climate change. Allow me to extend a special welcome to:

- EU Ambassador Sandra Kramer
- UN University WIDER Director Kunal Sen

I would also like to acknowledge the esteemed panelists joining us for this discussion.

We are here to:

- deliberate on the **critical role of infrastructure in economic growth and combating climate change**; and
- underscore the pivotal support from our international partners, notably the European Union, whose funding and cooperation have been instrumental in advancing our goals.

### The purpose of the policy dialogue

This policy dialogue is not just about discussing infrastructure. It is about finding the most effective ways to build a better, stronger, and more sustainable South Africa.

I would suggest that in the future we need to find ways of working with Africa as a whole. Climate change knows no political boundaries. **Why?**



## SPEECH BY DEPUTY MINISTER OF FINANCE

If one of our SA 's water sources (Lesotho) is impacted negatively by climate change, SA will be without water.

The support we get from the **SA-TIED program** and our collaboration with **the EU** enables us to gain insight into global trends and best practices.

### The Importance of Infrastructure for Economic Development

Infrastructure development is the cornerstone of any thriving economy. South Africa is no exception. Infrastructure fuels productivity (e.g. people arrive late to work because public transport is poor). Infrastructure also enhances the quality of life for our citizens (*clean air, and clean water are important for our health*) and lays the foundation for long-term growth.

Our government recognizes this. We have made significant investments in critical infrastructure. These investments are not just about roads and bridges. They are also about creating jobs, reducing poverty, and making South Africa a competitive player in the global economy.

### Challenges and Opportunities in Infrastructure Development in the context of climate change

In South Africa, we feel the negative impact of climate change in important sectors such as agriculture, water, and energy. The frequency of natural disasters and the results thereof are felt every day in our country.

Investments in renewable energy sources, water conservation systems, and sustainable urban development are key to mitigating and adapting to climate impacts.

The fiscus cannot afford to financially support the amount of investment required for climate-resilient infrastructure.

- Africa needs an annual investment of about **190 billion USD** for its clean energy transition.
- 57% of African countries spend more on debt than on education.



## SPEECH BY DEPUTY MINISTER OF FINANCE

We therefore need to discuss other innovative financing mechanisms such as green bonds and carbon credit to fund these climate-resilient infrastructure projects.

As the government, we've taken meaningful steps.

The Infrastructure Fund is a testament to our commitment to stimulating infrastructure investment and blending public and private financing to build a better, more sustainable future.

The Infrastructure Fund stands out as a pivotal move, designed to stimulate investment across various critical sectors. This approach seeks to:

- mobilize public and private resources,
- mitigate risks for private investors and
- foster an environment where collaborative financing models can thrive.

Such measures are part of a broader effort to ensure that infrastructure development not only supports South Africa's immediate economic needs but also lays the groundwork for long-term resilience and progress.

Yes, challenges exist such as securing funding. However, ensuring sustainability, and integrating the latest technologies are other additional challenges. These challenges should be treated as opportunities for innovation and forging robust public-private partnerships. This is also an opportunity for leveraging the power of technology in our infrastructure development goals.

### **The Role of Evidence-Based Policymaking and the SA-TIED Program**

At the heart of effective infrastructure planning lies data-driven decision-making. This is where the SA-TIED program plays an indispensable role.

The research informs our policy decision-making. This collaboration of world-class researchers, policymakers, the National Treasury and UNU-WIDER, and valued donors like the EU and UK-FCDO, is building bridges between research and policymakers. This helps to ensure that our strategies are built on sound evidence and an understanding of real-world contexts.



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## SPEECH BY DEPUTY MINISTER OF FINANCE

The groundbreaking research produced by the SA-TIED program has shed light on critical areas like water, and energy, and the broader connections between them.

It is this type of research that directly shapes our infrastructure strategies, informing decisions to maximize impact and create the conditions for sustainable growth.

### **Conclusion**

I wish to express our heartfelt gratitude to the European Union for their committed support of the SA-TIED program.

International partnerships like this strengthen our approach to policymaking.

The insights from SA-TIED research give us a powerful tool to navigate complex infrastructure decisions.

I wish you fruitful deliberations during your dialogue.

Thank you.

**ENDS**