



MINISTRY OF FINANCE
REPUBLIC OF SOUTH AFRICA

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SPEECH BY DEPUTY MINISTER OF FINANCE

KEYNOTE ADDRESS BY DEPUTY MINISTER OF FINANCE, DR DAVID MASONDO AT THE SOUTH AFRICA INFRASTRUCTURE INVESTMENT SUMMIT

FOCUS: WHAT THE GOVERNMENT IS DOING TO FACILITATE THE FLOW OF CAPITAL INTO INFRASTRUCTURE INVESTMENT

13 May 2026

President, Cyril Ramaphosa
Ministers and Deputy Ministers
Leaders of the financial sector, representatives of development finance institutions, investors,
Captains of industry from both the public and private sectors,
Ladies and gentlemen

Good morning.

Allow me also to thank BlackRock for convening this important Summit at a critical moment for South Africa and for the continent.

The President has correctly highlighted the central importance of infrastructure to economic growth and competitiveness.

He has also outlined the opportunities created through Operation Vulindlela, while Minister Creecy has elaborated on the significant investment opportunities emerging in the transport sector.

My remarks today will focus on one issue, what we, as a government, are doing to facilitate the flow of capital into infrastructure investment.

But before I address that question directly, let me emphasise one foundational point. Infrastructure development should support industrialisation rather than exist as an end in itself.

Too often across the developing world, we have seen roads built without industrial corridors, ports expanded without manufacturing zones, and energy infrastructure developed without alignment to industrial demand.

The result is infrastructure that is underutilised, economically inefficient, and unable to generate the growth required to sustain long-term returns.



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Infrastructure delivers the greatest economic impact when it supports production, trade, manufacturing, mining, agriculture, and exports.

That is why the President's keynote today is calling on us to shift from infrastructure-led development to development guided by industrial priorities.

The key question is not simply: what infrastructure can we build?

The real question is: what productive economic system are we trying to support?

If we begin there, infrastructure becomes more targeted, more bankable, more growth-enhancing, and ultimately more investable.

Ladies and gentlemen,

The government's infrastructure commitment is substantial.

Over the next three years, public sector infrastructure expenditure is expected to amount to approximately R1.07 trillion, much of it executed through state-owned companies and public entities to support strategic infrastructure networks.

Yet despite this commitment, the infrastructure financing gap remains significant.

A joint study by the DBSA and the World Bank, titled *Beyond the Gap*, estimates South Africa's infrastructure financing gap at approximately R13 trillion.

This means public resources alone will not be sufficient.

Private capital must play a far larger role in financing South Africa's next phase of infrastructure development.

Encouragingly, investor appetite exists.

In 2025, government issued its first sovereign infrastructure and development finance bond, raising R11.8 billion at favourable rates. This demonstrated strong market confidence in South Africa's infrastructure programme and in the country's long-term investment potential. Importantly, these funds are ring-fenced for strategic infrastructure projects.



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Ladies and gentlemen,

One of the most important determinants of infrastructure investment is the macroeconomic environment.

We have been able to raise capital at increasingly favourable rates because South Africa's macroeconomic position has improved.

As the President indicated earlier, South Africa has achieved a primary budget surplus for three consecutive years, exited the FATF grey list. During the 2026/27 budget, we revised GDP growth projections upward for the first time in many years.

These developments matter to investors because capital prices are risky.

Banks, pension funds, insurers, and asset managers allocate capital based on their assessment of stability, liability profiles, predictability, and returns.

When risk declines, the cost of capital falls.

Lower inflation, stronger public finances, and improved growth prospects reduce financing costs not only for government, but across the entire economy.

Higher GDP growth is associated with stronger corporate profitability, lower investment risk, and therefore lower required returns on equity.

Similarly, government bond yields reflect investor perceptions of sovereign risk. Lower sovereign risk reduces borrowing costs economy-wide and creates more favourable conditions for infrastructure investment.

We are also closely monitoring global geopolitical developments, including the potential implications of the conflict involving Iran, and their possible effects on inflation, commodity markets, and capital flows.

But macroeconomic stability alone is not enough.

We must also actively de-risk infrastructure investment. Some infrastructure projects are exceptionally large and carry elevated construction, regulatory, or demand risks.



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Energy transmission infrastructure is one such example. South Africa plans to build approximately 14,000 kilometres of transmission lines at an estimated cost of R450 billion. This is one of the largest infrastructure opportunities currently available in emerging markets.

To crowd in private capital, government has designed a Credit Guarantee Vehicle to reduce risk exposure for investors in transmission infrastructure projects.

The initial target is to mobilise R10 billion from development finance partners. The National Treasury will provide first-loss capital support of 20 per cent, beginning with an initial US\$100 million commitment.

The Credit Guarantee Vehicle is expected to become operational by July 2026, aligned with the first phase of transmission expansion projects. Over time, this vehicle may be expanded beyond transmission infrastructure into logistics and water infrastructure.

In parallel, government continues to implement structural reforms in rail and ports.

As Minister Creecy outlined earlier, reforms are underway to expand private sector participation, improve operational efficiency, and strengthen access to network infrastructure. These reforms are intended not only to improve logistics performance, but also to create investable opportunities in freight and port infrastructure.

Another important reform initiative relates to metropolitan trading services. One of the key challenges in municipal infrastructure is that many municipalities collect substantial service revenues yet underinvest in maintaining and expanding infrastructure networks.

South Africa faces an estimated R36 billion annual municipal infrastructure maintenance gaps. The Metro Trading Services Reform seeks to address this by ring-fencing revenues from water, electricity, and waste services and ensuring those revenues are reinvested directly into infrastructure and operations.

The reforms are designed to improve financial transparency, strengthen operational accountability, and create clearer revenue visibility for investors and lenders.

Government has already mobilised R54 billion in performance-linked incentives to support these reforms. Importantly, this programme is expected to unlock more than R100 billion in infrastructure investment opportunities across metropolitan municipalities.



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Ladies and gentlemen,

Infrastructure investment also requires the right type of capital. Infrastructure projects require long-term, patient capital because returns are generated over extended periods. Pension funds and institutional investors are therefore natural partners for infrastructure finance.

However, institutional investors must also manage liquidity obligations and liability matching requirements. This creates a challenge: how do we mobilise long-term savings into long-duration infrastructure assets while preserving liquidity and prudential discipline?

One possible solution is the establishment of pooled investment vehicles capable of aggregating long-term institutional capital for infrastructure investment. Many of you in this room are well positioned to help shape such solutions. We are also examining whether existing prudential regulations unintentionally constrain infrastructure investment.

Following the 2008 global financial crisis, Basel III reforms significantly strengthened banking resilience globally and in South Africa. However, stricter capital and liquidity requirements have also increased the cost of long-term infrastructure finance, particularly in emerging markets. For this reason, National Treasury and the Prudential Authority are reviewing whether current regulatory frameworks appropriately reflect the actual risk profile of infrastructure assets.

The objective is clear: to maintain financial stability while ensuring that regulation does not unnecessarily inhibit productive long-term investment.

This review is expected to conclude by late 2026. Although fiscal constraints are real, the primary obstacle to infrastructure delivery in South Africa is not necessarily a shortage of capital. South Africa has deep, sophisticated, and globally connected capital markets. The larger challenge historically has been project preparation.

Too many infrastructure projects entered the pipeline without credible feasibility studies, robust cost-benefit analysis, or realistic implementation frameworks. Poorly prepared projects do not attract sustainable capital. They create delays, cost overruns, and execution failures. That is why we are placing increasing emphasis on strengthening project preparation capability across government and public institutions.

Bankable projects are the foundation of scalable infrastructure investment.

In conclusion,



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Infrastructure is fundamentally about building the productive capacity of the economy. It is about lowering the cost of doing business, improving competitiveness, supporting industrialisation, creating jobs, and expanding economic opportunities. South Africa does not lack capital. Indeed, there are significant capital opportunities in the world and in this room today.

What matters is whether we can collectively create the right policy environment, regulatory certainty, institutional capability, and risk-sharing mechanisms to channel that capital into productive infrastructure investment at scale.

The challenge before us is therefore not whether infrastructure can be financed. The challenge is whether we can organise ourselves to finance it effectively, sustainably, and on a scale.

I am looking forward to the outcome of this Summit and to building stronger partnerships between government, investors, and industry as we work together to unlock South Africa's infrastructure potential.

I thank you.