



Delivering on infrastructure aspirations through public-private partnerships and alliances

Session: INFRASTRUCTURE PROCUREMENT – ARE OUR INFRASTRUCTURE PROCUREMENT POLICIES AND SUPPLY CHAIN MANAGEMENT REGULATIONS FIT FOR PURPOSE?

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The National Infrastructure Plan 2050: what is it?

- A national infrastructure plan for 2050 sets a vision for the future, but has a strong emphasis on immediate actions (Strategic Infrastructure Projects & 3 year actions)
- It is led by Infrastructure South Africa (DPWI/Presidency)
- It is developed in two parts:
 - Current NIP 2050 focuses on **bulk network infrastructure** was approved by Cabinet March 2022
 - Energy
 - Water
 - Freight transport
 - Telecoms
 - “NIP 2” focuses on **distributed and municipal infrastructure** – currently underway – includes: passenger transport; roads; housing/human settlements; municipal electricity, water, sanitation & bulk waste; digital infrastructure; social infrastructure

Some design elements to 'move the dial'

- Frustration in SA that significant budgets and commitments made to infrastructure delivery. Infrastructure always critical to underpinning direction and pace of economic and social development, and also for economic stimulation and industrial development opportunities in backward linkages
- But its delivery has not progressed as intended. How might the NIP move the dial?
 - Cabinet approved
 - Aligned to short and medium term planning and performance frameworks, but with eye to long term
 - As much as possible, medium term leverages areas of existing know-how and capability, approved budgets and policies, as a way of generating early momentum
 - Major focus on building leadership, institutional capacity, technical capacity and similar – especially after period of state capture

Realistically, SA is emerging from period of State Capture that destroyed significant state capacity – within state and its infrastructure delivery entities. Also led to dramatic weakening of state fiscal resources. The first steps have to involve rebuilding minimum state capacity, attending to crime and corruption (in procurement and related to theft), and building capacity and regulatory approach that enables meaningful partnerships and alliances with private sector and global institutions



Some big transitions ahead....

Key focus of SA's NIP 2050: Infrastructure that creates foundation for higher quality of life and economic growth

- Resilience to shocks – financial, institutional, human capacity
- Readiness to traverse uncertain transitions in:
 - Energy transitions
 - Flexible transport systems
 - Integrated human settlements
 - Digital – from analogue to digital improving access to public services through e-enablement and readying population for the future with e-enablement
- Progress in sustainably creating equitable services and inclusive spaces that underpin resilience and readiness for change

Elements focused on strengthening delivery and value for money

The NIP 2050 gives guidance on themes common to the four sectors, which would see significant emphasis in **building capacity** in the following:

1. Knowledge and innovation services, for capability in planning, monitoring, budgeting, finance, **procurement**, project preparation, project management and sector-specific innovation. This enables evidence-based decision-making, improves cost-effectiveness, mitigates risk and helps optimise and can contribute significantly to improving infrastructure quality, delivery and sustainability.
2. Public-private cooperation and stimulation of competition, where appropriate, in the delivery of public infrastructure.
3. Blended project finance and innovative green finance.
4. Executive management and technical capability within the state and its entities, so that they are stable and can lead and deliver with confidence.
5. Economic regulation.
6. Driving greater efficiency in infrastructure design and delivery, including greater attention to life cycle and maintenance
7. Industrial development and localisation in the design and approach to implementation. Examples are localisation of supplier industries to infrastructure projects, driving the establishment of Special Economic Zones around intermodal transport linkage nodes, and the stimulation of the civil construction and supplier industries.

Procurement of infrastructure

Focus on strengthening cohort of public sector professionals registered with built-environment bodies and councils

Client delivery managers who lead infrastructure projects with a single point of accountability, who have appropriate certification

Focus on “value for money” rather than “least cost”, and with consideration of project life-cycle

Infrastructure SCM to become strategic function, rather than back-office and/or purely financial/admin function

Infrastructure procurement be de-linked from centralised purchasing and led by a chief procurement officer and/or high level office specifically mandated and capacitated with built environment professionals

Rebuilding a transformed civil construction and supplier sector

- Strengthen capacity in the state
- Clarity in project pipeline, with follow through into bankability
- Transparent database of strategic projects
- ISA to act as a national infrastructure champion, including driving removal of red tape and easing cost of doing business

Notable elements

- Energy proposals that could drive growth in SA and therefore the region:
 - Regularised renewables procurement
 - Clarity on energy mix
 - Transmission lines
 - Independent transmission company – reform of energy utility (Eskom)
 - Battery storage
 - Embedded generation, municipal procurement, multi-markets
- Regional freight transport logistics:
 - This requires multi-country cooperation on plans; and building stronger technical, financial and diplomatic capacity to drive regional projects
- Water – strengthen water planning and monitoring; improve water use/wastage efficiency; agriculture use policy;
- Telecommunications – key issue in SA is public sector/e-governance and equitable access. Propose alternative delivery model that relies on partnerships with the private sector.
- Aim to build stronger capacity in public-private partnerships and alliances, aiming for about 1/3 private finance of public infrastructure. This capacity is to be channelled into supporting project finance in Africa regional infrastructure projects