SOUTH AFRICA

Global Infrastructure Hub

Overall performance

South Africa is one of the most well-developed African countries and has implemented processes to facilitate the creation of businesses, fostering competition and investment. Despite recent progress, low GDP growth reflects high levels of inequality and is likely to hinder future investment in infrastructure. Increasing government debt limits South Africa's ability to use public funds for infrastructure projects. This, combined with South Africa's low levels of foreign equity sponsorship and PPP deals, represent key challenges for South Africa obtaining capital for infrastructure projects.

Drivers	Rank (/76)	Rank change (2017-20)	Score (/100)	Emerging	Aspiring	Contender	Top performer	Global leader
Governance	35	↓3	57	■	■	■		
Regulatory frameworks	46	↓7	59	■	■	■		
Permits	51	↓4	63	■	■	■	■	
Planning	12	↓1	97	■	■	■	■	
Procurement	23	↓10	84	■	■	■	■	
Activity	61	↓21	21	■	■			
Funding capacity	47	–	31	■	■			
Financial markets	10	↓7	71	■	■	■	■	

South Africa at a glance

$6,100
GDP per capita
(USD, 2019)

58.8 million
Population
(2019)

3.1% of GDP
Infrastructure investment
(2019 estimate)

1.3% of GDP
Infrastructure gap
(2019 estimate)

68.1
Infrastructure quality
(0-100, 100 is best, 2019)

$1,110 million
Private infrastructure investment
(5-year average, USD, 2019)

Top performing metrics

99.6/100
Cost to start a business
According to the World Bank, South Africa has one of the lowest costs of starting a business out of all InfraCompass 2020 countries at 0.2% of income per capita, easing the entry of new firms.

90/100
Financial stability
South Africa has the largest financial market in Africa. A stable financial system improves the supply of capital by facilitating the smooth flow of funds between infrastructure assets and investors. The COVID-19 pandemic may impact South Africa's financial stability.

79.5/100
Registering property
According to the World Bank, it takes 23 days to register a property in South Africa, which is slightly higher than the average of 21.7 days for Upper Middle Income Countries. As infrastructure projects often involve some transfer of property rights, an efficient process reduces project cost and risk.

Opportunities to grow

For guidance on how to improve these metrics, please see the South Africa Country Page *on the InfraCompass website.*

14.3/100
Long term GDP growth trend
South Africa's long-term GDP growth trend is 1.5%, which is lower than the Upper Middle Income Countries average of 3.1%. Combined with the uncertain impact of the COVID-19 pandemic, this low growth trend may hamper South Africa's ability to borrow and build more infrastructure.

5.5/100
Value of closed PPP infrastructure deals
The value of closed PPP infrastructure deals is the second lowest out of the Upper Middle Income Countries, at only 0.03% of GDP. This is, significantly lower than the Upper Middle Income Countries' average of 0.30%. A low value may reflect a preference for traditional delivery models.

7.1/100
Value of closed infrastructure deals with foreign equity sponsorship
South Africa has a low value of closed infrastructure deals with foreign equity sponsorship, at only 0.03%. A low value may reflect a limited scale of infrastructure investment opportunities available for foreign investors and may increase financing costs as a result of lower levels of competition.

ECONOMY OVERVIEW

GDP ($US billion, 2019)	358.8	Population (million, 2019)	58.8	Unemployment rate (2019)	27.3%
GDP per capita ($US, 2019)	6,100	Urbanisation ratio (2018)	66.0%	Inflation rate (2019)	4.4%
GDP growth rate (annual, 2019)	0.7%	Gross Government Debt (% of GDP, 2019)	60.0%	Digital Adoption Index (0-1 best, 2016)	0.64
GDP per capita growth rate (annual, 2019)	-4.0%	Sovereign risk rating (2019)	50	Gini coefficient (0-100 worst, 2014)	63

METRIC SCORES

The below metrics are normalised so that they all range from 0 to 100. For original metrics and data sources, please see https://infracompass.gihub.org/

GOVERNANCE		REGULATORY FRAMEWORKS		PERMITS	
Post-completion reviews?	Yes −	Effect of taxation on incentives to invest	45.7 ↓	Cost to start a business	99.6 −
Infrastructure or PPP unit/agency?	Yes −	Prevalence of foreign ownership	64.8 ↓	Dealing with construction permits	50.9 −
Recovery rate	34.7 ↓	Product market regulation, network sectors	35.2 −	Quality of land administration	51.7 ↑
Rule of law	48 ↓	Regulatory (including competition) quality	53.4 ↓	Registering property	79.5 −
Shareholder governance	53.3 −	Strength of insolvency framework	71.9 −	Time required to start a business	11.6 ↑
Political stability and absence of violence	45.4 ↓	Investment promotion agency?	Yes −		

PLANNING		PROCUREMENT		ACTIVITY	
Published project pipeline?	Yes −	Average procurement duration – transaction RFP	63.6^ ↑	Infrastructure investment	39.1 ↑
Published infrastructure plan?	Yes −	Degree of transparency in public procurement	75 −	Private infrastructure investment	34 ↓
Preparation of PPPs	79 ↓	Published procurement guidelines?	Yes −	Value of closed PPP infrastructure deals	5.5 ↓
Economic analysis assessment?	Yes −	Procurement of PPPs	73 −	Value of closed infrastructure deals with foreign equity sponsorship	7.1 ↓
Market sounding and/or assessment?	Yes −	PPP contract management	79 −		
Environmental impact analysis?	Yes −				

FUNDING CAPACITY		FINANCIAL MARKETS	
GDP per capita	7.8 ↑	Domestic credit to private sector	66.7 ↓
Gross government debt	53.1 ↓	Financing through local equity market	60.6 ↓
Long term GDP growth trend	14.3 ↓	Stocks traded	72.7 ↓
Summary credit rating	50 ↑	Financial depth	75.7 ↑
		Financial stability	90 ↓

Drawing on data from: International Monetary Fund, Organisation for Economic Co-operation and Development, World Bank, World Economic Forum, IJ Global, CEPII, Oxford Economics, Trading Economics, and Deloitte.

Metric key:

↑ Increase from InfraCompass 2017   ↓ Decrease from InfraCompass 2017   − No change from InfraCompass 2017

Note:
'Top performing metrics' are the metrics with the highest score out of 100.
'Opportunities to grow' are generally the metrics with the lowest weighted score out of 100.
^Denotes interpolated metric data. See Technical Appendix for further explanation on the interpolation techniques.