

# South Africa targets \$111bn investment goal in tough investor climate

By [Kopano Gumbi](#) and [Tannur Anders](#)

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South Africa needs to urgently fix energy, transport and security challenges if it is to reverse souring investor sentiment, executives said on Thursday, 13 April, as President Cyril Ramaphosa targets R2tn (\$111bn) in new investments over the next five years.



Source: Reuters.

Executives were speaking at the South African Investment Conference in Johannesburg, launched by Ramaphosa in 2018 as a way to boost economic activity that had been in decline for over a decade in Africa's most advanced but struggling economy.

Mismanagement and corruption at state-owned companies, including power utility Eskom and freight logistics group Transnet, have had a knock-on effect on ports and road transport, hitting efficiency and dampening investor appetite.

"We are confronted with the consequences of years of underinvestment, mismanagement and corruption in the electricity and rail sectors," Ramaphosa told attendees, promising to work with the private sector to remove investment stumbling blocks.

"As I announced in the State of the Nation address in February, we are now setting a new target to mobilise approximately 2tn rand in new investments over another five-year period," the president said.

Emrie Brown, chief executive of financial services holding company Rand Merchant Bank, told attendees the firm's clients were concerned about the rising cost of production as a result of challenges in the country.

"The way we see it for the future of South Africa, international investment is so important and these challenges make it difficult for us to position the potential of South Africa as an attractive investment destination while there is uncertainty on when reforms will be implemented," Brown said.

Anglo American chief executive officer Duncan Wanblad said: "There are a few quick wins that we need to achieve to be able to change and turn that negative investor sentiment around."

South Africa has experienced its worst power cuts on record, leaving businesses and households in the dark for up to 10 hours daily. The South African Reserve Bank estimates these blackouts have shaved off at least 2 percentage points from growth.

Ramaphosa will be looking to make good on his government's reform promises as he gears up to be elected for a second term as president in next year's national elections.

In his closing remarks on Thursday, 13 April, Ramaphosa said the 1.2tn rand investment target announced in 2018 was exceeded, as pledges reached 1.51tn rand.

"The success of this first phase must be a springboard towards a recovered, reconstructed, inclusive new economy," he said to a standing ovation from the delegates.

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