

# Renewable projects show value of PPPs in economic growth

By [Mike Peo](#)

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When 27 renewable energy independent power producer procurement (REIPPP) projects were signed recently, it caused a wave of positive sentiment about South Africa's commitment to establishing a viable, low-cost, sustainable energy mix.



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Both the public and private sector have welcomed the signing of significant step forward for the country's energy sector. And coming, as it did, on the back of the appointment of a new energy minister, Jeff Radebe, who has committed himself to entrenching both renewable energy and public private partnerships as key drivers of sustainable economic development, the signing of the agreements has undoubtedly done much more than just improved sentiment regarding renewables; it has also been instrumental in fuelling the improvement in confidence now evident in many sectors and the South African economy as a whole.

In his speech at the signing ceremony, Radebe admitted that the delay in moving forward on the latest round of agreements had been detrimental to the health of the country's renewable energy industry, but also that the resulting uncertainty had damaged investor confidence in the country as a whole and contributed to the recent economic challenges. The sentiment was also confirmed in a REIPPP presentation to parliament by the Energy Portfolio Committee. Importantly, the significance of these acknowledgements is not that they support any misguided attempts at assigning blame, but rather that they highlight the sincere desire by the new energy minister and his team to work with the private sector to turn the country's renewable energy landscape around and make it the economic powerhouse that it has the potential to become.

And, as the same Energy Portfolio Committee presentation demonstrated, government's willingness and desire to achieve this forward momentum augurs well for numerous aspects of the country's economic development going forward.

## Employment opportunities

For one, the REIPPP programme has clearly demonstrated its ability to deliver employment opportunities. The previous 62 projects that have been completed delivered almost 28,000 jobs during their construction phase – 58% more than initially projected. Since then, their ongoing operations have sustained over 6,700 jobs. Given this success in terms of employment creation, the projects coming out of round 3.5 and 4 are anticipated to deliver over 58,000 more full-time jobs. And when

you combine the positive impact this will have directly on the employed individuals and their families with the significant enterprise and community development outcomes that will be delivered by the projects, the immense value of renewable energy as a broad spectrum sustainable economic development catalyst becomes patently clear.

## **Reduced carbon footprint**

Of course, the long-term benefits of renewed forward momentum in the renewable energy sector are not limited to fuelling economic growth. As a signatory to the Paris Climate Agreement and vocal supporter of the UN Sustainable Development Goals, South Africa has an obligation to make every effort to reduce its carbon pollution levels. The delays in signing the round 3.5 and 4 agreements called that commitment into question; but now that REIPPP is firmly back on track, and as increasing numbers of the existing and future IPPs become fully operational, there will be tangible evidence that South Africa is serious about making a positive contribution towards reducing carbon emissions and addressing climate change.

But aside from these vital social upliftment, employment creation and climate change mitigation impacts, perhaps the most significant outcome of Radebe's signing of the latest round of agreements is that this apparently simple act is likely to have far-reaching positive implications for public private partnerships (PPPs) in this country, many of which had come under significant strain, or even ground to a halt, in the past few months and years.

PPPs remain the most effective means of driving vital infrastructure development and ensuring sustainable economic growth that delivers benefits for all South Africans. The immense success of the previous rounds of REIPPP offered tangible evidence of this, but these benefits had become somewhat obscured by the investor fallout that resulted from the recent lengthy delays. Now that the programme is back on track, there is no doubt that it will once again quickly come to be the catalyst for successful PPPs that it previously was. And, in doing so, it will serve as a standout example – for South Africa and the world – of just what can be achieved when governments, particularly on the continent, and business truly collaborate.

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