

World Bank Backs South Africa's \$10bn Infrastructure Financing Platform

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South Africa's drive to accelerate infrastructure investment and unlock economic growth has received a significant boost with the approval of a new blended finance programme by the World Bank's Board of Executive Directors.

The South Africa Blended Finance Platform for Resilient Infrastructure Program will establish a Credit Guarantee Vehicle (CGV) designed to mobilise private capital for infrastructure development while reducing reliance on sovereign guarantees.

Mobilising private capital for infrastructure delivery

The CGV will issue market-based credit guarantees that help de-risk projects and attract institutional investors, commercial lenders and private capital. Over the next decade, the programme is expected to mobilise around \$10 billion (approximately R160 billion) for infrastructure investment.

The model reflects a shift toward blended finance structures, where public and development finance institutions use guarantees and catalytic capital to crowd in private sector funding. For project delivery, this approach can accelerate investment while improving fiscal sustainability.

South Africa faces persistent infrastructure bottlenecks, particularly in electricity, freight logistics and water systems. These constraints have contributed to average economic growth of below one percent over the past decade and unemployment levels exceeding 30 percent.

Supporting economic growth and job creation

By unlocking new infrastructure investment, the programme is expected to generate roughly 997,000 direct and indirect jobs while contributing to lower greenhouse gas emissions through investments in resilient and low-carbon infrastructure.

The initiative will be implemented by South Africa's National Treasury and supported by \$350 million in financing from the International Bank for Reconstruction and Development. This funding will capitalise the CGV and strengthen project preparation and delivery capacity.

Finance Minister Enoch Godongwana confirmed that the vehicle will soon be incorporated as a company, with development partners expected to participate as capital contributors. The aim is for the CGV to become operational later this year.

Strengthening programme governance and reform

The platform complements the government's broader reform agenda under Operation Vulindlela II, which focuses on improving governance, regulatory certainty and infrastructure delivery across electricity, transport and water sectors.

From a project management standpoint, the initiative also seeks to strengthen project pipeline development and implementation capacity, addressing a common constraint in large-scale infrastructure programmes where financing may exist but bankable projects are limited.

Aligned with South Africa's just energy transition strategy, the programme will support investments in renewable energy, electricity transmission, storage and related infrastructure.

If successful, the CGV could provide a scalable model for mobilising long-term private capital into infrastructure while maintaining fiscal discipline—an approach increasingly adopted by governments seeking to close infrastructure investment gaps without overburdening public finances.