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Private sector impact investment in water purification infrastructure in South Africa: a qualitative analysis of opportunities and barriers

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Author(s)

McCallum, S. Viviers, S.

Description / Abstract

Impact investing is gaining substantial traction globally and in sub-Saharan Africa. In contrast to conventional investors, impact investors not only seek financial returns, but also measurable, positive social and environmental impact. A growing number of impact investments have been observed in the region in recent years, particularly in water purification infrastructure. This study sought to identify the primary barriers and opportunities that impact investors face in this sector. Semi-structured personal interviews were conducted with 20 experts in the South African impact-investment value chain and water provision system. Participants identified more barriers than opportunities and were mainly concerned about the lack of lifecycle support, the possibility of political interference and low financial return expectations. Interviewees did, however, acknowledge the potential influence that these investments have on local communities and economies. Experts were of the opinion that the best opportunities are found in decentralised water purification infrastructure, especially where it involves innovation at a convergence of sectors. As the public funding gap in South Africa is likely to grow in future, innovative deal structures and government support will become even more important.

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