



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA



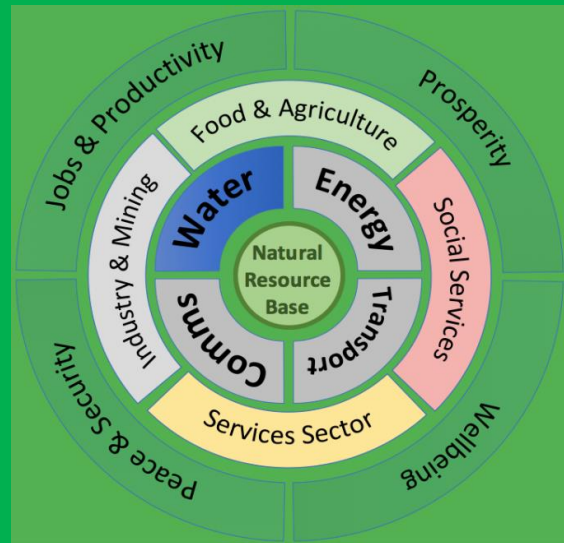
AFRICAN DEVELOPMENT BANK GROUP



The Africa Water Investment Programme (AIP) HLPW Africa Legacy Initiative

*Water Security for Industrialisation, Job Creation, Climate Resilient Development
and SDGs Implementation in Africa*

The Concept – Economy-wide Interdependence

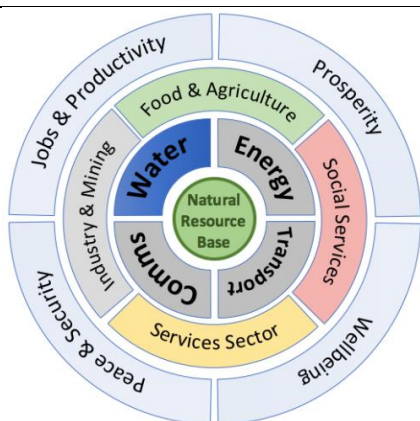


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5. Economy-wide Interdependence

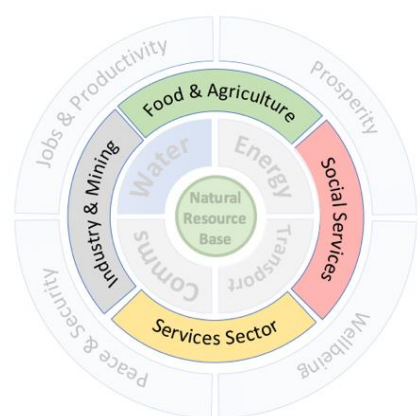
All facets and sectors of the economy are inter-related and all need to be functioning properly and sustainably in order to achieve growth, development, prosperity and equity. The economy as a whole may be represented as a set of concentric circles as is illustrated in Figure 3 and explained below.



Natural Resource Base: At the centre is the natural resource base which exists in all countries – this comprises of wildlife; natural vegetation (grasslands, forests, wetland vegetation, scrubland); land (including soils); water (groundwater, streams, rivers, lakes, waterfalls etc.); minerals etc. This is the source of most of the potential wealth of countries but is easily degraded if it is not protected and managed sustainably.



Infrastructure foundation: The inner ring is the infrastructure foundation needed by the economy to function and grow. It includes water, energy, transport and Information and Communications Technology (ICT). The infrastructure foundation is built as a means to an end – not an end in itself. The different elements of the infrastructure foundation are all interrelated and, as such, their development must be optimised for avoidance of underinvestment in any one of the subsectors becoming a limiting factor to the realisation of development objectives. Infrastructure elements serve the productive sectors. The robustness, competitiveness and resilience of economies depends a great deal on the effectiveness of the mechanisms in place to invest in, construct, operate and maintain a sound infrastructure foundation.



Productive growth sectors: The productive sectors generate wealth, provide the revenue base of the economy and contribute to GDP. The productive sectors provide the majority of the employment. The sectors are all interdependent and they all require a functional infrastructure foundation in order to be productive. Social Services (health, education, welfare etc.) are usually public and also depend on the infrastructure base.



Characteristics of a functioning society: If the productive growth sectors are functioning optimally and sustainably, underpinned by the requisite infrastructure base, then the economy should be regenerative and self-perpetuating, responding to the needs of all citizens. This reduces the drivers for economic migration and insecurity whilst providing the necessary stability for integration into the global economy.