

After SONA 2026: Turning Reform into Delivery Will Define South Africa's Next Decade

By Shameela Soobramoney, CEO, National Business Initiative (NBI)

The global economy has moved into a far more demanding phase of competition. Countries are no longer judged primarily on ambition, policy frameworks or long-term plans. Their success depends on execution, strategic partnerships in a world where the rules-based order has lost footing, on how quickly they can build infrastructure, unlock investment and turn reform into projects that reach the real economy.

That is the lens through which the State of the Nation Address must be read.

The President's address reinforced government's continued focus on infrastructure reform, institutional strengthening, economic recovery and welcomed measures on tackling crime and corruption. Commitments on water security, municipal reform, logistics, skills, digital delivery and investment mobilisation signal continuity in South Africa's reform trajectory. These signals matter. But credibility will now depend on how quickly these commitments translate into visible progress and whether implementation is transparent, accountable and sustained over time.

South Africa has spent the better part of a decade diagnosing its constraints and designing reforms. That work was essential. But the country has now entered the far more difficult phase: implementation at scale.

The stakes are significant. The IMF expects growth of about 1.4% in 2026, with gradual improvement only if structural reforms continue to accelerate. Encouragingly, the reform direction signalled in recent years appears to be holding. The opportunity exists - but its realisation now depends on sustained delivery.

Reliability has become the country's central economic question

South Africa's growth potential is increasingly a reliability challenge.

Businesses can price uncertainty. What they cannot price is instability in the systems that underpin production - electricity, water, logistics and municipal services. When these systems falter, the effects are immediate: investment slows, operating costs rise, productivity declines and job creation stalls.

Investors have already shifted their focus. Across emerging markets, countries are increasingly compared on permitting timelines, infrastructure pipelines and institutional coordination. Capital is moving toward countries that can deploy investment quickly and predictably.

In this context, the confirmation of more than **R1 trillion in public infrastructure investment over the next three years** carries significant weight. Continued structural reform of freight rail, expanded private-sector access to the rail network and new public-private partnerships in ports and rail corridors point to growing momentum in logistics reform. Plans for specialised commercial courts and a professional State Property Company further signal efforts to strengthen the enabling environment for investment.

These signals matter. But infrastructure credibility is ultimately built through delivery timelines, completed projects and visible improvements in reliability. The pace at which projects move from announcement to construction will shape investor confidence.

South Africa's risks are no longer separate crises

Energy, water, logistics, unemployment and municipal performance have historically been debated as separate challenges. That framing no longer reflects reality.

Water insecurity is already constraining industry and cities. National water reliability has fallen to around **68%**, and millions of South Africans still lack reliable access to potable water.

This moment is particularly striking when viewed against South Africa's own long-term planning. The National Water and Sanitation Master Plan warned in 2019 that the country could avoid a projected **17% water deficit by 2030** only through bold and urgent action.

Six years later, that projection has shifted from warning to near-term economic risk.

SONA reflected the growing urgency of this challenge. Government committed **R156 billion over three years** to water and sanitation infrastructure, announced the creation of a **National Water Crisis Committee**, and confirmed plans for a **National Water Resource Infrastructure Agency**. Stronger accountability measures - including criminal action against failing municipalities - signal a shift toward enforcement alongside investment.

The scale of the commitments reflects growing urgency. What will matter now is consistent enforcement, strengthened municipal capability and clear accountability for performance. Water reform will be judged by whether reliability improves in households, cities and industry.

Investment is mobilising - implementation must catch up

Capital is increasingly available. What has historically been scarce is implementation capacity.

South Africa's binding constraint has consistently been the ability to prepare projects, coordinate institutions and move from procurement to construction. The national conversation must now shift decisively from announcing investment to delivering projects.

South Africa's challenge is no longer identifying funding. It is strengthening the institutional capability required to prepare, procure and deliver complex projects at scale, in time and on budget.

The transition must translate into employment

Recent data from Statistics South Africa shows tentative improvement, with quarterly GDP growth reaching **0.8% in 2025** and employment rising by **248,000 jobs** in a single quarter. Yet the employment benefits of infrastructure reform will materialise over years rather than quarters.

SONA emphasised the link between infrastructure investment, industrial growth and job creation. Regulatory changes to expand business participation in the Youth Employment Service, expanded public employment programmes and increased investment in TVET colleges and artisan training signal growing recognition that skills development must align with the emerging project pipeline.

The opportunity is significant, but outcomes must be measurable. The real indicator of success will be whether infrastructure investment translates into sustained employment, skills development and participation in new value chains.

Operation Vulindlela Phase II: where reform becomes real

At the centre of the implementation challenge lies an issue that receives far less public attention than it deserves: institutional capacity.

South Africa does not face a shortage of policy. It faces a shortage of implementation capacity — particularly at municipal level, where infrastructure delivery and investment readiness intersect.

SONA confirmed the expansion of **Operation Vulindlela Phase II**, with a stronger focus on municipal reform, water services, logistics and digital delivery. Commitments to professionalise the public service, strengthen technical capacity and improve procurement and regulatory processes are critical steps.

Through the National Business Initiative's **Technical Assistance, Mentorship and Development (TAMDEV) unit**, we are working alongside government as a technical support partner to Operation Vulindlela. This work focuses on strengthening project preparation, supporting municipalities and helping translate reform priorities into implementable infrastructure and investment projects.

This work sits at the heart of whether reform becomes tangible. Strengthening institutional capability, improving procurement systems and accelerating project preparation are essential to turning policy into progress.

Climate resilience is now economic resilience

Recent floods across Southern Africa in early 2026 reinforced the growing fiscal and infrastructure risks of climate vulnerability.

SONA reaffirmed South Africa's commitment to the just energy transition, renewable energy expansion and climate finance partnerships. Climate resilience is increasingly being integrated into infrastructure planning - from flood mitigation to climate-smart urban development.

Embedding resilience into infrastructure planning is a critical shift. Over time, the success of these commitments will be measured by reduced disaster risk, lower fiscal shocks and more resilient cities and industries.

From consultation to delivery partnerships

A notable shift emerging from SONA is the move from consultation toward implementation partnerships.

Reforms to the Public-Private Partnership framework, new infrastructure bonds and expanded collaboration with business signal a more operational approach to partnership. Delivery will require co-investment, shared accountability and coordinated action across sectors.

Delivery partnerships will succeed only if they build trust through transparency, strong governance and shared accountability. The effectiveness of collaboration will ultimately be measured by projects completed and services improved.

The decade that will define economic credibility

South Africa has laid important foundations which the NBI stands ready to help build on and accelerate. The direction of travel is clearer than it has been in years. But opportunity has a shelf life.

Sustained, ethical and transparent implementation will determine whether reform translates into real economic momentum.

The real test of SONA begins today.