

February 2026

momentum
investments

SONA 2026:

A narrow window, a heavy mandate

What the President said and what matters for growth, markets and reforms



The SONA in numbers

30



Companies indicated their willingness to participate in high-speed rail corridors



R50 billion

Worth of investment expected in digital infrastructure over the next three years

150%



Tax deduction for investment in new energy vehicles from March



R250 billion

Pledged by the international community for the Just Energy Transition

SONA 2026 reinforced government's improving growth and reform narrative, highlighting easing energy constraints, progress in transport infrastructure, fiscal stabilisation and stronger government-business collaboration as signs that structural reforms are gaining traction. The Government of National Unity (GNU) was positioned as a source of policy stability and unity in purpose. Yet, the address acknowledged a fragile domestic backdrop, with household pressures, municipal weakness and persistent crime and corruption concerns still weighing on confidence. With limited fiscal space, the emphasis was on execution rather than new commitments, marking consolidation rather than transformation. The improved environment offers a narrow window of opportunity, but credibility will depend on whether reform momentum translates into sustained delivery, stronger state capability and meaningful job creation and social progress.

Growth conditions and supporting measures

Recent wins:

- Macro **repair**
- Reduced loadshedding intensity and expansion of **private generation pipeline**
- Improved **operational performance** in logistics
- Clear path to debt **stabilisation**
- **Improving** sovereign risk
- Regulatory reforms to enable the **crowding in of private capital**
- Tourism **recovery**

Future plans:

- State Property Company to **unlock state assets**
- Specialised commercial courts to fast-track **infrastructure** disputes
- **Rare earth** and critical minerals funding
- Conclusion of **centralised model** for the portfolio of state-owned entities
- Establishing a **National Water Crisis Committee**

Progress in the network industries

Recent wins:

- More **reliable** electricity generation and maintenance
- Framework for a **competitive** electricity market
- Water infrastructure **agency** established
- Large-scale dam upgrades
- Reforms to Water Services Act
- Rail network opened to **private operators**
- **Modernisation** of critical digital networks

Future plans:

- Progress the **phased unbundling** of Eskom
- Finalise rules for **electricity trading**
- **Modernise** port and railway infrastructure
- **Integrate** transport networks with regional corridors
- **Consolidate** fragmented water institutions
- Advance **bulk water** projects
- **Restore reliable** municipal services



The SONA in numbers

3 million



New jobs could be created if each small business hired one additional person



R40 trillion

The value of South Africa's mineral ore reserves

10.5 million



Number of tourists that visited South Africa in 2025



2.5 million

Number of employment opportunities created through the Presidential Employment Stimulus

R156 billion



In public funding committed to water and sanitation infrastructure over the next three years



R2 trillion

New investment target over the next five years

Local municipality overhaul

Recent wins:

- **Criminal charges** laid against 56 municipalities
- R54 billion incentive for metros to **reform** water, sanitation and electricity services
- Municipal managers may face **personal liability** under the National Water Act
- Water Services Amendment Bill to allow **withdrawal** of licenses from failing providers
- Targeted **Presidential Working Groups** for eThekweni and Johannesburg
- Broader **community engagement**

Future plans:

- Revised **white paper** on local government to be finalised in the coming months
- Moving to a **differentiated model** where stronger municipalities can take on more functions
- Plans to **intervene** in failing municipalities **earlier**
- **Reducing patronage-based** appointments
- Creating a **central registry** for disciplinary cases across government
- Accountability shifting from political rhetoric to **legal and financial consequence**

Job creation initiatives and support for unemployed

Recent wins:

- **Job creation engines** such as the Expanded Public Works Programme (temporary work in tourism, agriculture and infrastructure), Presidential Employment Stimulus (roles through community networks) and the Social Employment Fund (work opportunities and structured placements)
- **Passenger rail restoration** has reduced transport costs for workers
- **Continuation** of the Social Relief of Distress Grant lifting millions out of food poverty

Future plans:

- Rollout of the **expanded** Presidential Employment Stimulus programme
- **Realignment** of the Broad-Based Black Economic Empowerment framework
- Providing R2.5 billion in funding to 180 000 small businesses and extending a further R1 billion in guarantees
- Amending National Credit Act regulations for **easier credit access** at a lower cost
- **Overhaul** of skills **development** system (dual training model)

Governance, criminal justice and state reforms

Recent wins:

- **Greylist exit**
- **Anti-money laundering** reforms
- Establishment of the Investigating Directorate Against Corruption as a **permanent** entity
- Modernising ICT systems and expanding courts
- **Lifestyle audits** for senior public officials
- **Public procurement** reform
- Clear standards for board and executive **appointments**

Future plans:

- Addressing **gang violence** and illegal mining
- Establishing a **national illicit economy disruption programme**
- **Whistle-blower** Protection Bill to be introduced to Parliament
- Finalising the new Public Procurement Act
- Tackling **organised crime** through data analytics
- Expanding **digital public services** through the MyMzansi platform

Political context

1

- At the February 2026 State of the Nation Address, the Government of National Unity (GNU), now entering a consolidation phase, visibly pivoted from crisis management and institutional repair toward **demonstrating tangible results**, with the tone of the speech anchored on **delivery and reinforcing accountability** across all spheres of government.
- With municipal elections due between November 2026 and January 2027, the president placed local government reform at the centre of the reform agenda, acknowledging that the **electorate's immediate concerns**, especially access to basic services such as water, electricity and reliable infrastructure, would shape voter sentiment and political stability. The unusually direct language on **municipal dysfunction** signalled heightened political urgency.
- The announcement of a National Water Crisis Committee, potential license withdrawals and personal liability for municipal managers marked a shift from **cooperative governance to corrective intervention**.
- Policy credibility was framed by the ability of government to reflect measurable, on-the-ground progress on enforcement, particularly in **procurement, policing and local administration**.

External environment

2

- President Cyril Ramaphosa underscored the depth of **shifts in the global order**, describing a global environment where “narrow self-interest has replaced the common good” and where **trade** is increasingly used as an instrument of coercion.
- The speech framed South Africa's response as rooted in constitutional values, institutional strength and economic reform, positioning **domestic resilience** as the primary **buffer** against external volatility.
- Rather than singling out specific bilateral tensions, the president emphasised **sovereign equality**, stating that South Africa “will not be bullied by any other country,” while committing to **mutually beneficial** trade partnerships.
- Alignment choices by emerging market economies carry economic and diplomatic weight. The speech reinforced South Africa's positioning within the Global South, advancing reform of global governance institutions, debt relief and greater beneficitation of critical minerals, while deepening **regional integration** through the African Continental Free Trade Area.
- Multilateralism, solidarity and **economic diversification** were presented not only as diplomatic principles but as economic strategy.

Structural reform signals

3

- Inclusive growth was directly linked in the address to infrastructure scale-up, **regulatory reform** and greater competition in network industries.
- The speech asserted that load shedding had been put behind the country and it confirmed the establishment of an independent transmission entity, and the commencement of independent transmission projects. This signals a shift from an emergency response to **market restructuring**, but implementation timelines remain critical.
- In logistics, the confirmation of private rail access, concession models for port terminals and rail corridors, and the Durban Pier 2 partnership were presented as structural shifts designed to **crowd in investment** while retaining public ownership, marking deeper reform rather than incremental operational fixes.
- Execution capacity will be reinforced by the introduction of specialised commercial courts, public-private partnership regulatory reforms and a **dedicated criminal justice reform unit** modelled on Operation Vulindlela.