

OPERATION VULINDLELA

Supporting
the Implementation
of Priority Structural Reforms



PHASE II **Q4** PROGRESS 2025/26 REPORT

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national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



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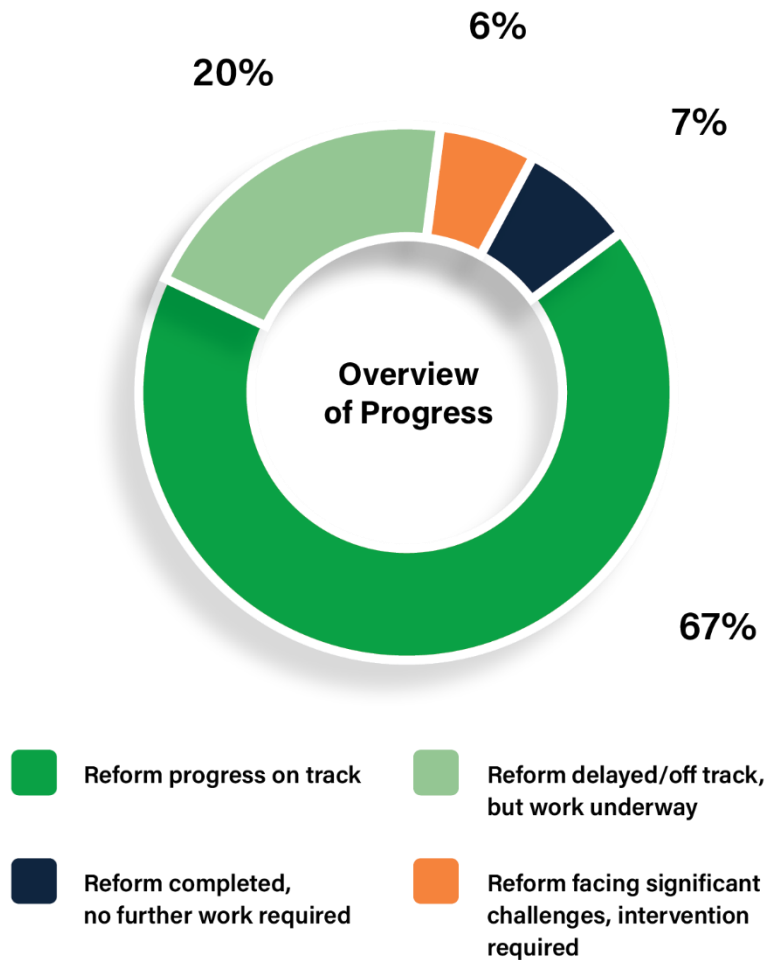
DETAILED QUARTERLY PROGRESS DASHBOARD

REFORM AREA		REFORM ACTION	STATUS
ELECTRICITY	1	Complete the restructuring of Eskom	On Track
	2	Establish a competitive wholesale market for electricity generation	On Track
	3	Streamline the regulatory framework to accelerate energy projects	On Track
	4	Reform the electricity distribution industry to establish financially and operationally sustainable distribution companies	At Risk
	5	Strengthen and expand the national transmission network	On Track
LOGISTICS	6	Complete the restructuring of Transnet and establish an independent National Ports Authority and Rail Infrastructure Manager	On Track
	7	Enable open access to the freight rail network	On Track
	8	Introduce private sector participation in ports and rail	On Track
	9	Establish the Transport Economic Regulator	On Track
	10	Finalise the National Rail Bill to establish a legal framework for a competitive rail sector	On Track
WATER	11	Develop and implement a National Water Action Plan	On Track
	12	Implement institutional reforms to improve the management of water resources	On Track
	13	Strengthen the regulation of water service provision	On Track
	14	Support the introduction of private sector participation in the water sector through the Water Partnerships Office and PPP Unit	On Track

REFORM AREA		REFORM ACTION	STATUS
VISA	15	Reform the work visa system to attract skills and investment	Blue
	16	Streamline the tourist visa system to grow tourist arrivals	Green
LOCAL GOVERNMENT	17	Shift to a utility model for water and electricity services to ensure financial and operational sustainability	Green
	18	Standardise and professionalise the appointment of senior officials in local government	Light Green
	19	Review the institutional structure of the local government system	Green
	20	Review the local government fiscal framework, including the use of conditional grants	Green
SPATIAL INEQUALITY	21	Restore passenger rail services	Green
	22	Strengthen demand-side housing policy to support densification	Green
	23	Release public land and buildings for affordable housing and other development	Orange
	24	Clear the backlog of title deeds and make the titling system more accessible and affordable	Light Green
	25	Review land use, building and other regulations to enable low-cost property developments	Green
DIGITAL TRANSFORMATION	26	Develop and implement a Digital Transformation Roadmap for South Africa	Blue
	27	Implement a digital identity system for secure and remote access to services	Green
	28	Introduce digital payments for cost-effective and dignified transactions	Green
	29	Create trusted digital channels for accessing information and services	Green
	30	Establish a data exchange for evidence-based policymaking and service delivery	Green

INTRODUCTION

PROGRESS DASHBOARD



OVERVIEW OF PROGRESS

Operation Vulindlela Phase II is a joint initiative of the Presidency and National Treasury to accelerate the implementation of priority structural reforms that support economic growth, improve service delivery, and strengthen state capability. This progress report for the fourth quarter of 2025/26 sets out key milestones achieved between January and March 2026 across the seven reform focus areas. Despite a challenging global economic environment, strong and sustained progress in implementing growth-enhancing structural reforms has lifted confidence and positioned South Africa to attract higher levels of investment. The reforms currently underway aim to reduce input costs, improve competitiveness, and create opportunities for private investment in key sectors of the economy.

During this quarter, further progress was recorded in the electricity sector, with the establishment of the Eskom Restructuring Task Team (ERTT) to lead the transition toward a fully independent state-owned transmission entity. This is a critical step to ensure that the restructuring of Eskom is conducted in a manner that minimises financial, operational, and fiscal risk while maintaining energy security and investor confidence. Additional progress was made towards establishing the Credit Guarantee Vehicle (CGV) in preparation for issuing the final Request for Proposals (RFP) for the first phase of independent transmission projects (ITPs). Government remains focused on advancing the transition to a competitive electricity market by launching the South African Wholesale Electricity Market (SAWEM) and finalising the Electricity Distribution Industry (EDI) Reform Roadmap.

In the freight logistics sector, progress was made towards the implementation of institutional reforms with Cabinet's approval of the publication of the National Rail Master Plan (NRMP) for public comment. Following the conclusion of the technical assessment on the corporatisation of the Transnet National Ports Authority (TNPA) in the previous quarter, a detailed implementation plan has been developed for consideration by the Minister of Transport, which will guide the process and timeframes for the establishment of the National Ports Authority as an independent entity. Additionally, further progress was made towards the establishment of the Transport Economic Regulator (TER). The award of capacity on the freight rail network to 11 private train operating companies has paved the way for investment in new rolling stock to enable third party operations, with several companies announcing firm commitments in this regard.

Water and sanitation reforms related to institutional restructuring, stronger regulation and the promotion of infrastructure investment gained significant momentum over the period. President Ramaphosa has directed the establishment of the National Water Crisis Committee (WATERCOM) to promote the overall coordination of the response to the water crisis as well as the effective implementation of the National Water Action Plan (NWAP). Regulatory approvals and institutional developments that promote investment in water infrastructure through central financing and project derisking advanced. Specifically, the National Water Resources Infrastructure Agency (NWRIA) Amendment Bill was adopted by the National Council of Provinces (NCOP); the project pipeline developed by the Water Partnerships Office (WPO) increased meaningfully; and groundwork was laid for the establishment of the Infrastructure Finance and Implementation Support Agency (IFISA). Importantly, the publication of the Blue Drop, Green Drop and No Drop water quality monitoring assessments resumed, which presents a clear diagnosis of critical areas that require intervention.

In relation to the visa system, the Electronic Visa Authorisation (ETA) system was fully implemented and now enables applicants from non-visa waiver countries to apply online, capture biometrics, and receive approvals in real-time. The revised White Paper on Citizenship, Immigration and Refugee Protection was approved by Cabinet, which formalises the changes introduced during the first phase of Operation Vulindlela, including the introduction of new visa categories for remote work, start-ups, and skilled workers (which combines the existing critical skills and general work visas into one category), and the introduction a new, merit-based points-based system for certain visas and permanent residency.

Significant momentum has been built on local government reform, with the formal launch of the Metro Trading Services Reform accompanied by a dedicated performance-based incentive allocation within the Urban Development Financing Grant (UDFG). The programme has already demonstrated progress and initial allocations have been made to participating metros to improve accountability of electricity and water service provision. Work to finalise both the White Paper on Local Government and the MFMA Amendment Bill for public comment continues, alongside a review of the fiscal framework to assess the adequacy, sustainability and equity of intergovernmental fiscal arrangements.

The focus within the spatial integration and housing reform area remains on developing practical policy instruments to expand access to affordable housing. Work is underway to launch two housing policy pilots in the current financial year – a demand-side subsidy and capital subsidy – with participating provinces and metropolitan municipalities. Work to release priority public land and buildings for housing development continues to advance alongside the implementation of a multi-pronged implementation plan to clear the title deeds backlog.

Finally, implementation of the Digital Transformation Roadmap continues to gather pace, including the development of the MzansiXchange data exchange, the MyMzansi citizen services platform, and the revamped Gov.za service portal. The Digital Identity programme advanced through Smart ID rollouts and policy development, while the South African Reserve Bank progressed the payments ecosystem modernisation effort, with engagements focused on reducing fraud in social grant and student funding payments. Foundational architecture standards were developed alongside recommendations to update existing interoperability frameworks, with system-wide governance structures remaining operational.

Overall, reforms in critical areas such as energy and water are being pursued with greater urgency, reflecting the direct impact of service delivery failures on South Africans and on the country's economy. Sustained progress in implementing reform commitments has strengthened policy credibility and supported growing investor confidence in South Africa's growth trajectory. Looking ahead, the emphasis will be on translating this momentum into measurable outcomes – completing outstanding regulatory processes, operationalising new institutions, and accelerating project implementation so that the benefits of reform are felt by all.



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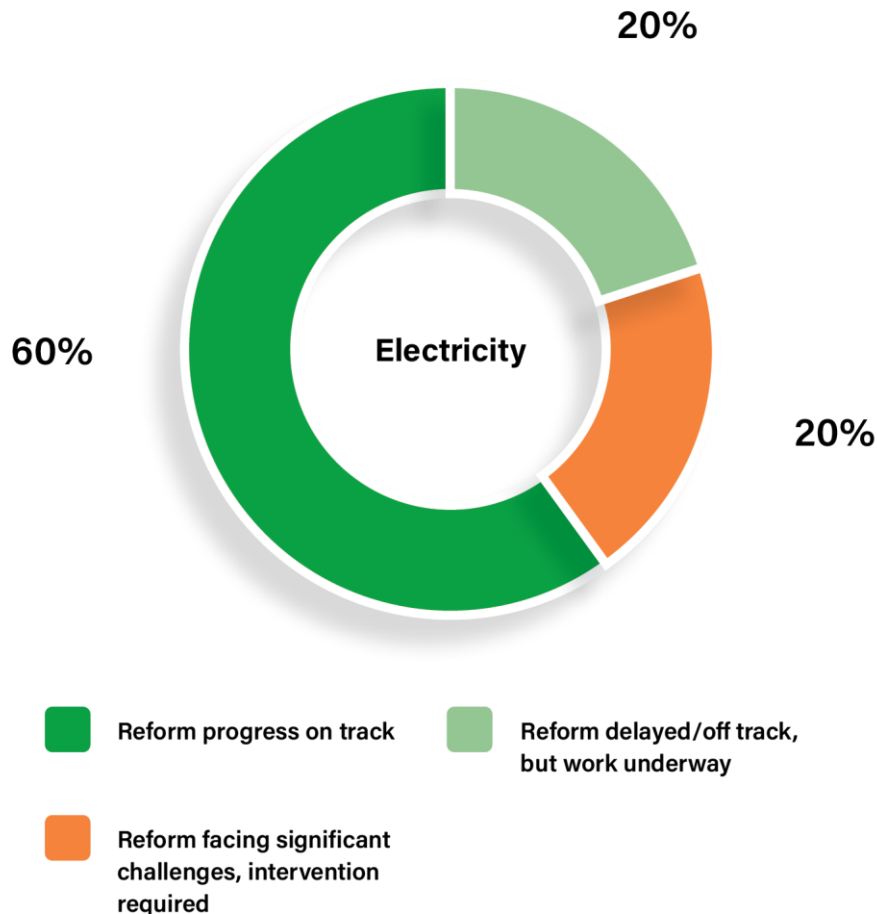
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REFORM 1: ELECTRICITY SECTOR REFORM

REFORM 1: ELECTRICITY SECTOR REFORM

Objective: Transform the electricity sector to achieve long-term energy security, affordability, and green growth



Progress at a Glance

Electricity sector reform continues to gather pace towards the launch of the South African Wholesale Electricity Market (SAWEM). Major progress was made during the fourth quarter with the establishment of the Eskom Restructuring Task Team (ERTT) to lead the transition to a fully independent Transmission System Operator, and the submission of the Market Code to NERSA ahead of launch. Private investment in renewable energy projects continues to expand, with close to 32 GW of projects now in the grid connection process and expected to connect by 2030. Significant progress has also been made towards introducing Independent Transmission Projects (ITPs), which will attract private capital for the expansion of the transmission network at scale.

Key Milestones (Q4 2025):

- The National Transmission Company South Africa (NTCSA) has submitted the Market Code to the National Energy Regulator of South Africa (NERSA) for approval. This follows NERSA's

approval of the NTCSA's Market Operator license in Q3 FY2025 and is a critical milestone ahead of the South African Wholesale Electricity Market (SAWEM) launch.

- The Eskom Restructuring Task Team (ERTT) has been established under the National Energy Crisis Committee (NECOM) to lead the transition toward a Transmission System Operator (TSO). This follows the President's direction in the 2026 State of the Nation Address (SONA) to establish a fully independent state-owned transmission entity with ownership and control of transmission assets and responsibility for operating the electricity market. The ERTT will develop a detailed proposal and implementation plan for establishing the TSO in a manner that minimises financial, operational, and fiscal risk while maintaining energy security and investor confidence.
- The National Energy Regulator of South Africa (NERSA) pipeline of project registrations continues to grow, signalling positive momentum in investment potential in the sector. Since registering 147 new electricity generation facilities of 1 960MW in the quarter ended 31 December 2025, an additional 64 generation facilities have been registered by end February 2026, to add 1 068MW.
- EDF power solutions has commissioned its 420MW Koruson 1 cluster, which includes three wind farms. The project, which reached commercial operation between December 2025 and February 2026, was developed under government's bid window 5 of Renewable Energy Independent Power Producer Procurement Programme (REIPPPP). The project also built the largest privately constructed Main Transmission Substation (MTS) in South Africa, designed to connect up to 1.5GW of renewable energy to the national grid, including Koruson 1 and its future projects.
- Additional progress was made on the Credit Guarantee Vehicle (CGV). The National Treasury designated the Development Bank of Southern Africa (DBSA), through a memorandum of agreement, as the dedicated ring-fenced project implementation unit that will support the CGV's incorporation, licensing and capitalisation. Furthermore, the credit facility of USD 350 million (approximately R5.6 billion) for the capitalisation of the CGV through the International Bank for Reconstruction and Development (IBRD) was confirmed.

Next Steps:

- Finalise the Electricity Trading Rules following submission of public comments (June 2026)
- Publish detailed guidance on the structure of the competitive wholesale electricity market (June 2026)
- Launch the South African Wholesale Electricity Market (SAWEM) with internal trading with Eskom entities (June 2026)
- Publish the Electricity Distribution Industry (EDI) Reform Roadmap building on the DAA model (June 2026)
- Secure regulatory approval of a framework for vesting contracts (August 2026)
- Develop a detailed implementation plan for the establishment of the independent TSO and implement measures to ensure functional independence of the NTCSA during the transition period (August 2026)
- Complete the licensing required to operationalise the CGV, with a view to issuing the final Request for Proposals (RFP) for the first phase of independent transmission projects in Q3 2026/27 (September 2026)

ESTABLISHING AN INDEPENDENT TSO

The Eskom Restructuring Task Team (ERTT) has been established to oversee the establishment of a fully independent Transmission System Operator (TSO), as announced by President Ramaphosa in SONA 2026. The task team is led by the Director-General of National Treasury and comprises representatives of the Presidency, National Treasury, the Department of Electricity and Energy, ESKOM and the NTCSA, as well as independent advisors. The ERTT will present a high-level proposal to the President on the approach to establishing the TSO by the end of May 2026. This proposal will ensure that the ownership and control of transmission assets is transferred to the TSO in order to remove potential conflicts of interest once the competitive market is established, in which Eskom will be a key player.

The work of the ERTT will be guided by ten core principles:

- I. Maintain energy security
- II. Ensure full independence of the TSO from all market participants
- III. Ensure that ownership of the transmission network and any other assets associated with fulfilling the statutory functions assigned to the TSO in terms of the ERA is separated from Eskom
- IV. Ensure that Eskom is not worse off than its current financial position following the restructuring, and that the TSO is financially sustainable
- V. Ensure that the TSO is able to raise the funding required for investment in infrastructure in line with the Transmission Development Plan
- VI. Avoid any qualified audit opinion for Eskom, the NTCSA or the TSO and ensure that lender concerns are addressed to avoid any default
- VII. Minimise any impact on South Africa's fiscal position
- VIII. Prevent any undue financial burden on electricity users
- IX. Promote the objectives of electricity market reform, including the successful introduction of independent transmission projects (ITPs)
- X. Ensure that the establishment of the TSO is completed by 31 December 2027

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REFORM 2: FREIGHT LOGISTICS REFORM

REFORM 2: FREIGHT LOGISTICS SYSTEM REFORM

Objective: Modernise the freight logistics sector to enable export growth and reduce transport costs.



Progress at a Glance

Progress has continued to advance in both the restructuring of Transnet to pave the way for competition in port and rail operations, as well as the establishment of an enabling legislative and regulatory environment. Cabinet approved publication of the National Rail Master Plan for public comment, setting a long-term strategic framework for the rail sector. A detailed implementation plan was finalised for establishing the National Ports Authority as an independent entity, and Transnet submitted its PFMA pre-notification for establishing the Transnet Infrastructure Manager as a subsidiary. The Transport Economic Regulator entered its initial phase of operations on 1 April 2026, laying the groundwork for full functionality from 2027/28.

Milestones (Q4 2025):

- On 1 April 2026, Cabinet approved the publication of the National Rail Master Plan (NRMP) for public comment. The NRMP provides a long-term strategic plan aimed at guiding the revitalisation, expansion and modernisation of South Africa's rail system. The plan, which is an extension of the White Paper on National Rail Policy (2022), will support the creation of an affordable, competitive rail system that also encourages private sector participation.

- Following the conclusion of the technical assessment on the corporatisation of the Transnet National Ports Authority (TNPA), a detailed implementation plan has been developed for consideration by the Minister of Transport. This will guide the process and timeframes for the establishment of the National Ports Authority as an independent entity, in line with the National Ports Act.
- Transnet has submitted its Public Finance Management Act (PFMA) pre-notification application for the establishment of the Transnet Infrastructure Manager (TRIM) as a subsidiary. This is a critical milestone in establishing the entity and separating rail infrastructure and operations as an enabler of competition in freight rail.
- The Interim Rail Economic Regulator (IRERC) has completed its review of the revised Network Statement, which will enable an updated version to be published to provide certainty to train operating companies seeking access to the freight rail network.
- Transnet issued a Request for Proposals (RFP) for a private sector partner in the Richard's Bay Dry Bulk Terminal, which aims to expand the capacity of the terminal and improve its efficiency. This will be followed by RFPs for the Ngqura manganese export corridor project by mid-year, as well as the container corridor project by the end of 2026.
- The Transport Economic Regulator (TER) entered its initial phase of operations, with the Board overseeing the establishment of the institution's governance framework, capacity needs, and design of regulatory systems. The Board will also oversee the transition of existing regulators into the TER. These activities will ensure that the regulator is fully operational from the beginning of the 2027/28 financial year.

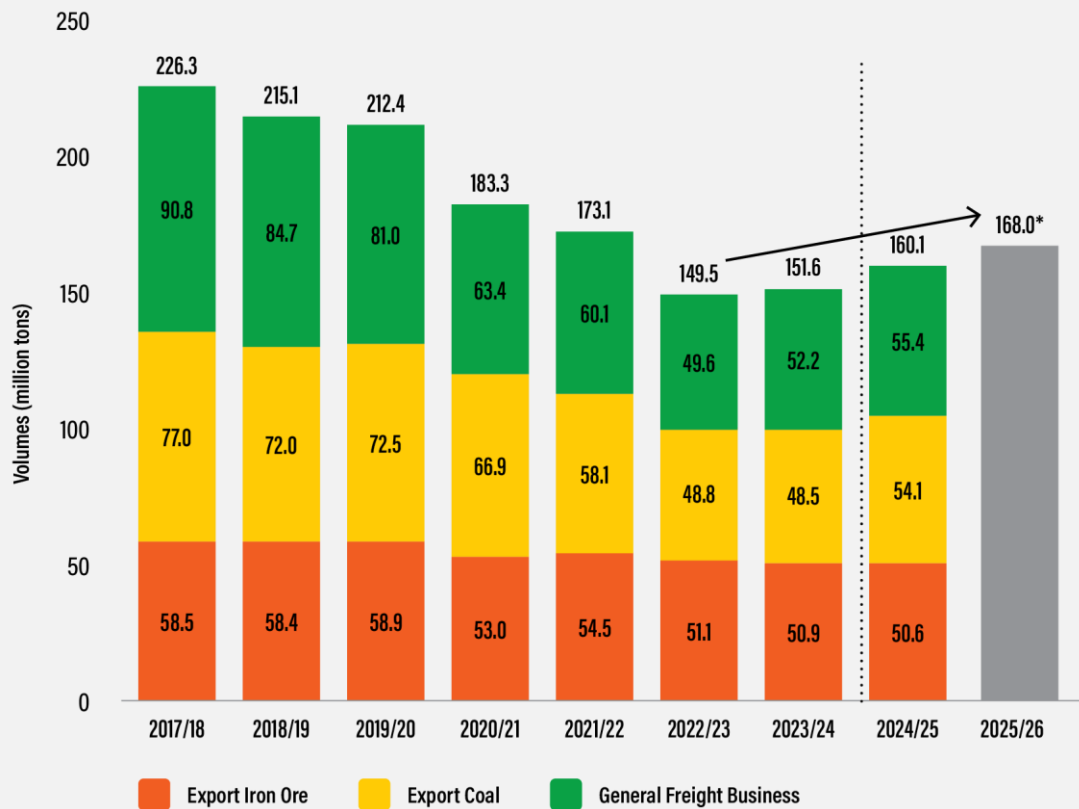
Next Steps:

- Publish a revised Network Statement incorporating Interim Rail Economic Regulatory Capacity (IRERC) recommendations and an updated access tariff for implementation in the new financial year (April 2026)
- Launch further requests for proposals (RFPs) for private sector participation in strategic rail and port corridors (June – December 2026)
- Finalise the National Rail Bill for submission to Cabinet to create an enabling legislative framework for a competitive rail sector (September 2026)
- Operationalise the Transport Economic Regulator (TER) with the appointment of a Council, an executive and additional staff appointments (April 2027)

A SUSTAINED RECOVERY IN VOLUMES

Interventions to arrest Transnet's volume decline and restructure the logistics industry continue to drive progress. Notably, through the implementation of the Transnet Recovery Plan and the Freight Logistics Roadmap coordinated through National Logistics Crisis Committee (NLCC), the recovery in volumes continues, with 168 million tonnes (mt) transported via rail in 2025/26, up from 160.1mt reported in the previous financial year. Beyond the reversal in volume declines, government seeks to drive freight modal shift from road to rail in line with the medium-term volume target of 250mt on rail. To achieve this, Transnet will continue to implement its recovery plan (succeeded by the Reinvent for Growth (R4G) Strategy). Rail volumes will also be supported by operations from new train operating companies (TOCs), which following the first slot allocation process, can add 20mt of freight from FY2027/28. The system is well positioned to deliver on its target of 180mt in the current financial year.

Figure 2: Transnet rail volumes



Source: Transnet

Note: 168 mt for 2025/26 FY based on Transnet projections



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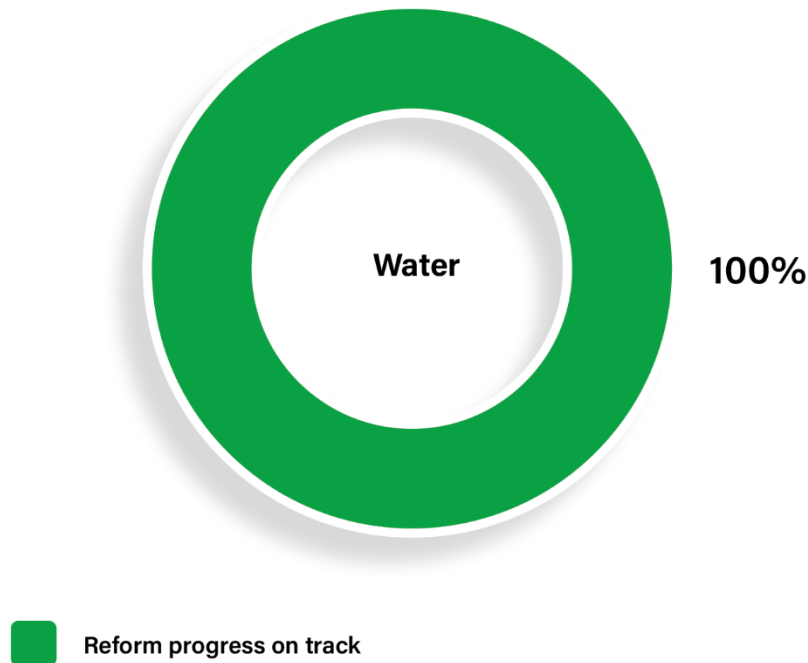
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**REFORM 3: WATER AND
SANITATION REFORM**

REFORM 3: WATER AND SANITATION REFORM

Objective: Ensure reliable access to safe drinking water through institutional reform and strengthened regulation of service providers.



Progress at a Glance

Reforms in the water sector have two aims – to expand investment in bulk water infrastructure in order to ensure long-term water security, and to strengthen regulation of municipal service delivery. The National Water Resources Infrastructure Agency Amendment Bill, which paves the way for the listing of the NWRIA as a dedicated public entity, was adopted by the NCOP and awaits Presidential assent. The Water Services Amendment Bill, which will create a distinction between water service authorities and water service providers as well as a licensing system for the latter, is before the Portfolio Committee on Water and Sanitation. The Revised Raw Water Pricing Strategy took effect on 1 April 2026, while updated No Drop, Blue Drop and Green Drop water quality monitoring assessments were published on 31 March 2026. The Water Partnerships Office grew its active pipeline to 30 projects in 18 municipalities with a value of more than R43 billion.

Key Milestones (Q4 2025):

- Following the 2026 State of the Nation Address, the National Water Crisis Committee (WATERCOM) has been established to coordinate the response to the water crisis as well as to develop and oversee the effective implementation of the National Water Action Plan (Nwap). The committee draws on the successful response to the energy crisis to drive a government-wide response to address the severity of water service delivery failures at the local level by fast-tracking the implementation of reforms.
- The Water Services Amendment Bill is currently before the Portfolio Committee on Water and Sanitation. The Bill will proceed through public participation and Committee finalisation, with adoption by the National Assembly expected in 2026. The Bill clarifies the separation between Water Service Authorities (WSAs) and Water Service Providers (WSPs) and introduces a licensing framework to strengthen regulation of water services.
- The Revised Raw Water Pricing Strategy was implemented on 1 April 2026, focusing on full cost recovery to enable sustainable infrastructure maintenance and financial viability in the water sector.
- The updated No Drop and Blue Drop Progress Reports, and Green Drop were published on 31 March 2026 (see Annexure A). The reinstatement of credible, comparable data on water quality is a critical milestone and provides the foundation required to stabilise the system and enable strengthened regulation of municipal service delivery over time. The National Water Resources Infrastructure Agency (NWRIA) Amendment Bill was adopted by the National Council of Provinces (NCOP) Select Committee on 13 March 2026 and is awaiting Presidential assent, which will enable the gazetting of the PFMA Schedule 2 listing and the agency's formal operationalisation. Transitional governance arrangements have been finalised, including the completion of the national infrastructure asset register and development of a Governance Framework, in preparation for the transfer of assets and staff from the Department of Water and Sanitation (DWS) and Trans-Caledon Tunnel Authority (TCTA). The NWRIA aims to significantly increase investment in water infrastructure, potentially tripling the current annual investment from around R10 billion to R30 billion.
- Since January, the Water Partnerships Office (WPO) has developed a substantial project pipeline, with an active portfolio now spanning 30 projects across non-revenue water (NRW), water reuse, desalination and sanitation, and nine municipal collaboration agreements in place. The value of water projects currently in development by the Water Partnerships Office and Infrastructure Fund now amounts to approximately R100 billion. Standard documents have been finalised to help municipalities contract services to reduce water losses, while several metros have advanced NRW and water reuse projects into preparation or procurement phases with WPO support.
- As outlined in the 2026 Budget Review, National Treasury and the Development Bank of Southern Africa (DBSA) are laying the groundwork for the Infrastructure Finance and Implementation Support Agency (IFISA). The agency will support water infrastructure investment by providing centralised financing, risk mitigation, and implementation support at DBSA. Additionally, municipal PPP regulation amendments expected by June 2026 form a key enabling gate for transactions.

Next Steps:

- Launch the National Water Action Plan to address water supply failures and support a turnaround in water service delivery (April 2026)
- List the NWRIA as a PFMA Schedule 2 entity and appoint a Board and CEO to enable the agency to commence operations (April 2026)
- Appoint members of the Water Sector Economic Regulation Advisory Committee to support the establishment of an Independent Economic Regulator for Water (April 2026)
- Secure adoption of the Water Services Amendment Bill by the National Assembly (September 2026)
- Bring at least three major PSP projects to market in the water sector through the Water Partnerships Office (December 2026)
- Procure performance-based contractors to address non-revenue water in eThekweni and City of Tshwane (March 2027)



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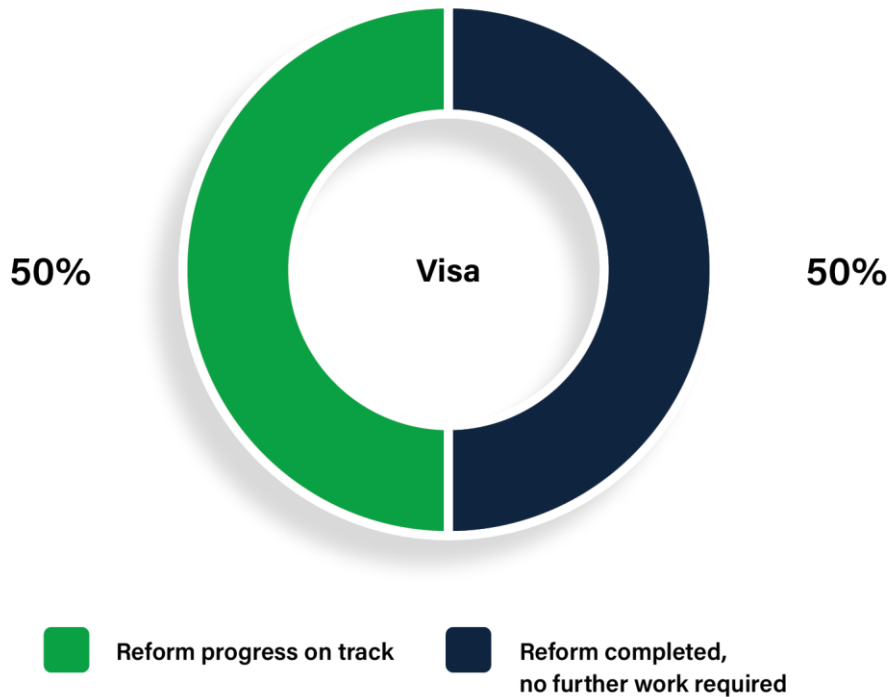
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REFORM 4: VISA AND IMMIGRATION REFORM

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Objective: Attract skills, investment and tourism through a streamlined and modernised visa system.



Progress at a Glance

The Electronic Travel Authorisation system moved from pilot to full implementation, enabling online applications, biometrics and real-time approvals for eligible short-term travellers. Cabinet approved the revised White Paper on Citizenship, Immigration and Refugee Protection, which modernises naturalisation criteria, introduces a Citizenship Advisory Panel and a points-based system, and formalises new visa categories for remote work, start-ups and skilled workers. Preparations were completed to expand the Trusted Employer Scheme from initial employers to all qualifying employers.

Key Milestones (Q4 2025):

- The Electronic Travel Authorisation system, which was piloted in select countries in Q3, is now in full implementation for all eligible countries. This enables short-term visa applicants from those countries that do not already enjoy a visa waiver to apply online, capture biometrics, and receive real-time approval for travel to South Africa.

- The revised White Paper on Citizenship, Immigration and Refugee Protection has been approved by Cabinet, as an important step towards modernising South Africa's immigration system. The White Paper formalises the reforms already implemented during Operation Vulindlela Phase I, including the introduction of new visa categories for remote work, start-ups, and skilled workers (which combines the existing critical skills and general work visas into one category), and the introduction of a new, merit-based points-based system for skilled work visas and permanent residency. These reforms now make it significantly easier for highly skilled applicants to obtain a visa and for employers to attract needed skills to support growth.
- Following the success of the first phase of the Trusted Employer Scheme, which was made available to a group of initial employers to provide fast-track visa processing with bulk applications for major investors, preparations are now complete for the expansion of the scheme to all qualifying employers. This will position South Africa as an attractive destination for multinational investors seeking to locate their regional offices in the country or to expand their operations, with assured access to high-level skills.

Next Steps:

- Implement the next phase of the Trusted Employer Scheme to enable participation of all employers (April 2026)
- Establish a special visa scheme for financial sector firms seeking to locate their regional offices in South Africa (May 2026)



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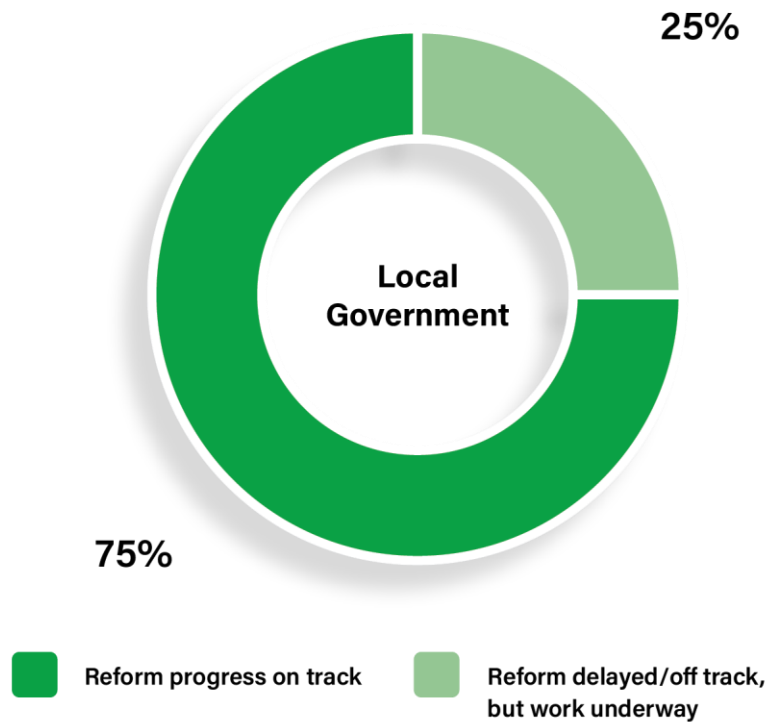
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REFORM 5: LOCAL GOVERNMENT REFORM

REFORM 5: LOCAL GOVERNMENT REFORM

Objective: Improve the delivery of basic services and infrastructure by strengthening governance and restructuring service delivery models.



Progress at a Glance

The Metro Trading Services Reform Programme was formally launched in March 2026, supported by a dedicated performance-based incentive allocation within the Urban Development Financing Grant, with first-cohort allocations made following independent verification. An updated White Paper on Local Government was finalised for publication in May 2026, and the MFMA Amendment Bill is being prepared for public comment. The review of the local government fiscal framework is ongoing, with methodology amendments made in response to data gaps from municipalities.

Key Milestones (Q4 2025):

- The Metro Trading Services Reform Programme was launched by government in March 2026. The 2026 Budget confirmed the establishment of a dedicated incentive allocation within the Urban Development Financing Grant (UDFG), as a performance-based funding mechanism to support reform. Incentive allocations for the first cohort of participating metros were made

during 2025/26, and participating metros demonstrated progress in implementing institutional and financial reforms to support ring-fenced water and electricity trading services.

- An updated White Paper on Local Government has been finalised and will be published for public comment in May 2026. This White Paper is intended to strengthen the institutional, governance and service delivery framework for municipalities. The draft White Paper, which follows an extensive process of research and consultation, will propose a range of institutional, governance and funding reforms alongside strengthened regulation of key services.
- The MFMA Amendment Bill is being developed to improve municipal financial management, accountability and oversight, and will be published for public comment.
- The review of the local government fiscal framework to assess the adequacy, sustainability and equity of intergovernmental fiscal arrangements for local government is underway and interim recommendations are expected to be finalised within 2026.

Next Steps:

- Support Council approval of updated reform plans through the 2026/27 budget process (February 2027)
- Finalise implementation and verification arrangements for the 2026/27 cycle of Metro Trading Services reforms (February 2027)
- Publish the final draft of the White Paper on Local Government for public comment (May 2026)
- Submit the MFMA Amendment Bill to Cabinet for approval (May 2026)
- Finalise collection of outstanding data from municipalities to inform the Local Government Fiscal Framework review and reframe timelines to account for updated methodology (May 2026)
- Finalise initial recommendations from the fiscal framework review (October 2026)



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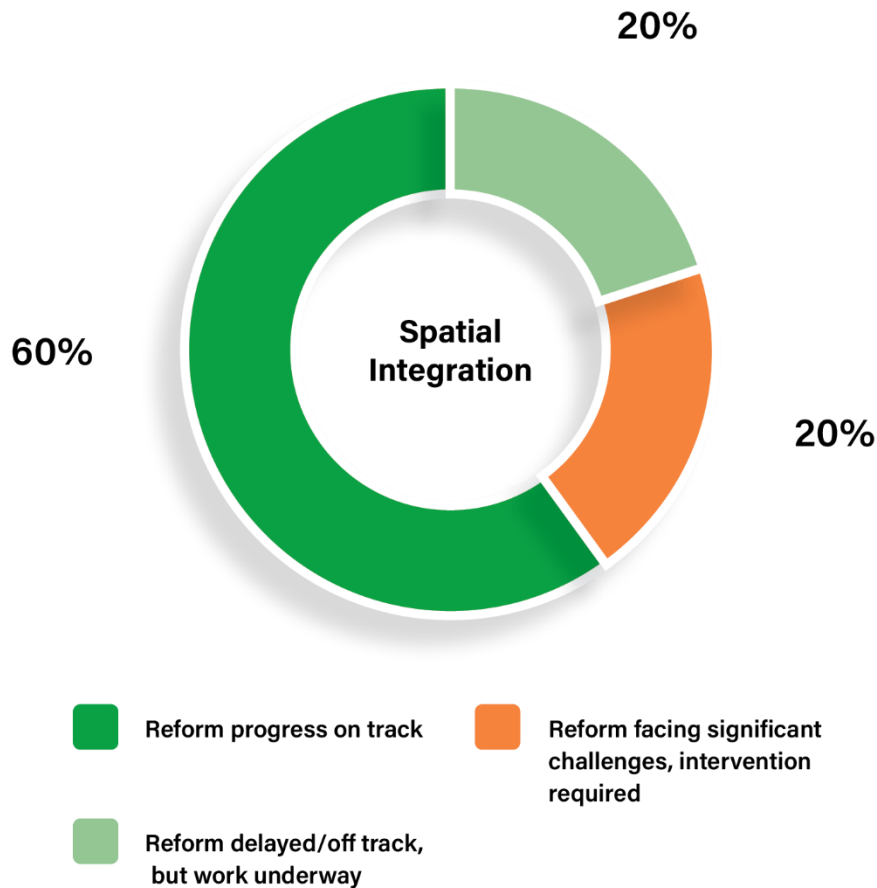
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REFORM 6: SPATIAL INTEGRATION AND HOUSING REFORM

REFORM 6: SPATIAL INTEGRATION AND HOUSING REFORM

Objective: Create dynamic and integrated cities by addressing spatial inequality and promoting affordable housing.



Progress at a Glance

Work advanced on launching two housing policy pilots in 2025/26, a demand-side subsidy and a capital subsidy, in partnership with selected provinces and metros. Analysis of deeds data to size and sequence the title deeds backlog is nearing completion, alongside work on digitisation needs and legislative constraints to township establishment. The Department of Public Works and Infrastructure completed an audit of public land and buildings, and a model approach to releasing priority properties for affordable housing is being developed for implementation in two to three priority projects in the coming year.

Key Milestones (Q4 2025):

- OV is working closely with the National Department of Human Settlements (NDHS) to launch two housing policy pilots in the current financial year – a demand-side subsidy and capital subsidy for affordable housing – with participating provinces and metropolitan municipalities. The pilots will be based on work undertaken by OV and the Cities Support Programme as well as NDHS to develop a set of policy proposals to accelerate the development of affordable housing in well-located areas.
- The analysis of deeds data to determine the scale of title deeds data backlog and required actions to address the backlog is expected to be finalised in the coming quarter. This includes work underway to map the titling value chain and digitisation needs and address the legislative challenges to township establishment and proclamation, which have held up the issuance of title deeds for subsidised housing.
- The Department of Public Works and Infrastructure (DPWI) has conducted an audit of publicly owned land and buildings to identify properties which can be released to the market for housing development. A model approach to the release of public land is being developed that will be implemented with two to three priority properties over the coming year to unlock investment in affordable housing at scale.

Next Steps:

- Implement two pilots for the affordable rental housing model to test the effectiveness of demand-side and capital subsidies (June 2026)
- Complete analysis of deeds data to inform the prioritisation and sequencing of interventions to clear it (June 2026)
- Develop an asset registry and dashboard to identify priority land and properties for release to the market (June 2026)



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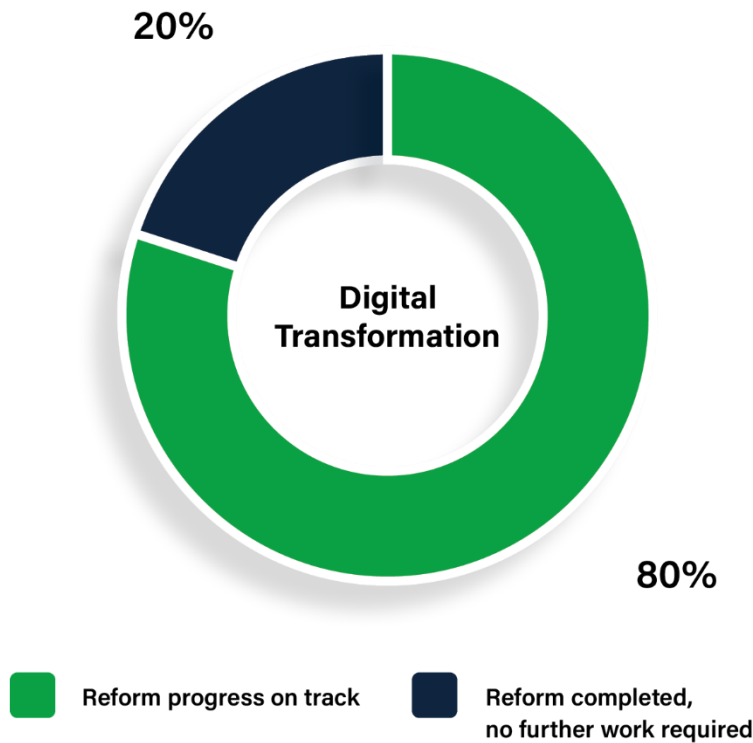
Supporting
the Implementation
of Priority Structural Reforms

PHASE II **Q4** PROGRESS
2025/26 REPORT

REFORM 7: DIGITAL PUBLIC INFRASTRUCTURE REFORM

REFORM 7: DIGITAL PUBLIC INFRASTRUCTURE REFORM

Objective: Harness digital tools to improve government efficiency, enable inclusion, and support economic transformation.



Progress at a Glance

Core Digital Public Infrastructure components continued to advance, including integrated data across government, the MyMzansi citizen services platform, and the revamped Gov.za. The Digital Identity programme advanced through continued Smart ID rollouts via bank branches and development of the Digital Identity policy and regulations. The South African Reserve Bank progressed the Payments Ecosystem Modernisation programme, including the PEMKey digital financial identity, while foundational architecture principles, guardrails and a draft standards framework for government data exchanges were developed.

Key Milestones (Q4 2025):

- The MzansiXchange pilot implementation continued, with platform development underway and secure server environments established by National Treasury to support initial data flows.
- The MyMzansi citizen services platform progressed from prototype towards production planning. A working prototype demonstrating integrated service journeys and reusable components has been completed, with current efforts focused on defining the institutional model, hosting arrangements, and operational capability required for scale.
- The Gov.za platform continues to serve as a zero-rated access point for government information, enabling cost-free access for citizens. During the quarter, work progressed with pilot departments to align existing and planned government websites to a common design system.
- The Digital Identity programme progressed under the leadership of the Department of Home Affairs, including the continued rollout of Smart ID services through bank branches. Development of the Digital Identity policy is progressing within government, alongside associated regulations to enable the use of digital identity credentials and verified attributes. In parallel, engagements with departments are underway to advance priority use cases, including the digitisation of matric certificates and other credentials.
- In the payments ecosystem, implementation of the Payments Ecosystem Modernisation programme continued under the leadership of the South African Reserve Bank (SARB). This included the development of the PEMKey digital financial identity as part of a broader approach to enabling trusted, interoperable payments. Current efforts are focused on defining the governance, trust framework, and credential models, alongside testing these concepts with ecosystem partners.
- Progress has been made in establishing the foundational standards required to support Digital Public Infrastructure. Common architecture principles and guardrails have been developed, alongside a draft good practice and standards framework for government data exchanges and information systems, covering API standards, data quality, data storage, and data flow architectures within the MzansiXchange context.
- At a system-wide level, governance structures supporting implementation of the Digital Transformation Roadmap remain operational, with work continuing to strengthen coordination, delivery capacity and alignment across departments.

Next Steps

- Complete the mid-pilot evaluation of MzansiXchange and agree priority actions for the next phase of implementation (June 2026)
- Formalise and operationalise the MzansiXchange Pilot Governing Committee and associated legal agreements for participating entities (June 2026)
- Confirm the institutional arrangements and interim hosting model for MyMzansi, and onboard initial pilot services for implementation (September 2026)
- Support pilot departments to implement and apply the Gov.za design system in live website environments (September 2026)

- Continue targeted engagements with priority departments (including SASSA and NSFAS) to define and refine use cases for digital identity and payments integration (September 2026)
- Progress consultation on the Digital Identity policy and associated regulatory instruments within government (June 2026)
- Circulate draft DPI standards and architecture guardrails for review and initiate structured feedback sessions with key stakeholders (DPSA, SITA, National Treasury) (September 2026)
- Pilot the application of selected standards (e.g. API and data exchange standards) within priority use cases to test feasibility and identify required refinements (September 2026)