Viewpoint: A SONA assessment with context

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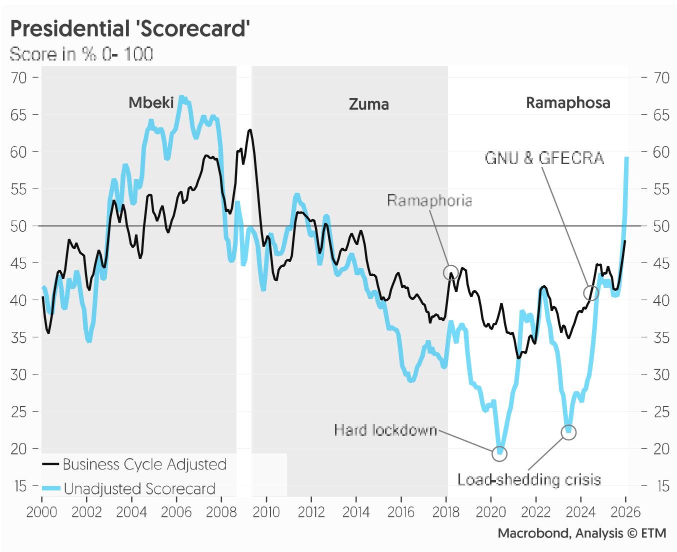
Key points

- South Africa's democracy progressed from Mandela's hopeful launch and Mbeki's golden growth era to Zuma's destructive period of state capture and institutional decay.
- The Zuma era caused lasting economic damage, leaving GDP ~25% smaller than global trends since 2008 and costing ~R1.2 trillion in annual activity.
- Under Ramaphosa and the GNU, Operation Vulindlela reforms show progress in energy (no load-shedding), logistics, visas, and macro indicators, supporting the claim that SA has turned the corner.
- Execution risks remain high in crime, water, municipal governance, infrastructure, and mining due to historical failures, patronage, and weak accountability.

BASELINE VIEW:

Ramaphosa's claim during his 2026 State of the Nation address that South Africa has turned the corner holds merit: post-Zuma recovery is underway with Vulindlela delivering measurable gains in energy, logistics, and macro stability, though deep execution challenges and trust deficits mean sustained momentum depends on ruthless delivery over the next 12–24 months. The coming local elections will be a critical test of whether political will can translate these early wins into broader, inclusive progress.

Does Ramaphosa's claim that SA has turned the corner hold merit?



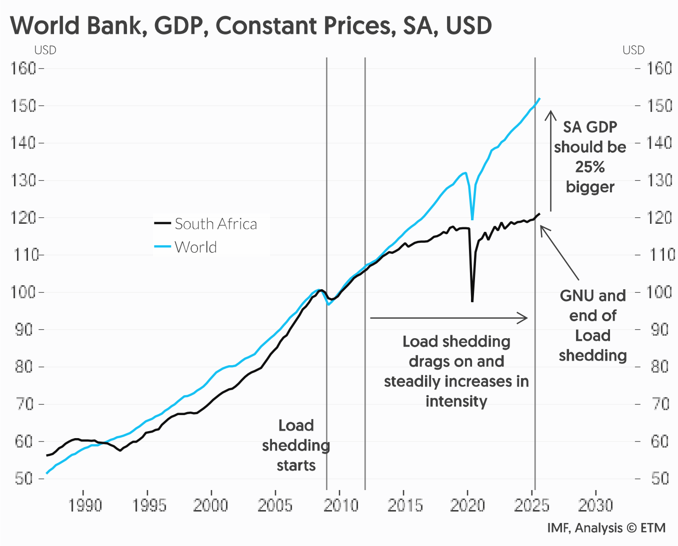
South Africa has lived through different epochs in its short 31-year democracy. The Mandela epoch was a special period that brought enormous hope and generated tremendous interest in SA's economy. Although it was a short epoch, it was a powerful way to launch SA's economy into a new era of prosperity. Many vested interests desperately wanted SA to succeed, and for a while, it seemed like SA could do little wrong.

Mbeki's epoch was built on Mandela's foundations and leveraged strongly on the goodwill he had generated. With solid institutional capacity, SA entered its golden period and achieved some of its most impressive GDP growth rates. SA was deep in investment grade, was running a budget surplus, had impressively low debt/GDP ratios, and investment levels were soaring towards the targeted 25% mark. Optimism in the Rainbow Nation was at an all-time high.

Enter the Zuma epoch, which was immediately saddled with the global financial crisis of 2009, which stole some of that momentum. However, what followed will go down as a dark period in SA politics, giving birth to state capture, corruption, maladministration, malfeasance, and, worst of all, the destruction of the institutional integrity of SA's law-enforcement agencies, SAPS, the NPA, and SIU. Sentiment steadily eroded, the Mandela goodwill squandered, and the bailout culture ensured that what funds may have been available for alleviating poverty were now redirected towards keeping defunct SOEs and those running them funded, but without the requisite output.

Thankfully, SA survived that epoch and entered the Ramaphosa era. There was a lot to fix, and the rot left by the Zuma administration took a painfully long time to unravel and dismantle. SA has lost the better part of a decade as a result of it, and justifiably, the ANC paid dearly for its support of such morally bankrupt leadership. It culminated in the GNU, which also ushered in a new era of accountability, and the results are now clearly evident. Ramaphosa's comment that SA has turned the corner holds merit, and while there are still many problems to fix, including significant infrastructural decay and the unemployment crisis, at least the indicators are moving in a more constructive direction.

The missing 25%........... that will never be recovered



Its difficult to quantify just how much damage the Zuma administration and what followed has done to SA's economy. One proxy is to compare SA's GDP to world GDP rebased to 2008. Up until the global financial crisis, the SA economy moved more or less in lock step with the global economy. Shortly after that, however, it started to deviate, and using 2008 as a base shows that the economy is now 25% smaller than it ought to be.

Had the Mbeki epoch been sustained by the new administration, the economy would be generating almost R1.2 trillion more in economic activity. One can only speculate on what the unemployment rate and the debt/GDP ratio would've looked like.

SA now faces a tough task to regain lost ground. At the very least try and get onto the same trajectory as the rest of the world. Ramaphosa's SONA needs to be considered against this backdrop. Specifically, critics need to question whether the efforts that he listed in the SONA are capable of recovering lost ground or rejuvenating the trajectory of GDP growth. Without downplaying the maladministration that ruined SA's ability to remain dynamic and bolster GDP growth, Ramaphosa's reformist agenda needs to be embraced and encouraged. This report does not aim to sugarcoat SA's outlook for government's benefit, but analysis of the most recent data shows that SA's GDP performance is starting to pick up and is mimicking the trajectory of global GDP. The latest data covers Q3 2025 and is therefore slightly historic, but all indications are that the trajectory carried through into Q4 2025 and Q1 2026.

Do Ramaphosa's claims hold merit??

Operation Vulindlela Phase II provides growing evidence that Ramaphosa's claim of turning a corner may carry some merit. Progress tracking suggests an increasing share of reforms are now on track. Energy remains the standout, with South Africa experiencing its longest sustained period without load-shedding in years and reforms advancing toward a more competitive electricity market later this decade. Freight logistics is improving, with the Durban Pier 2 concession operational and early signs of recovery in port and rail performance. Visa reforms have materially improved processing efficiency, while digital transformation continues following spectrum auctions and expanding digital ID pilots. SONA reinforced this reform direction through greater use of private partnerships and accountability structures addressing infrastructure constraints. Macro indicators broadly align, including positive GDP growth, moderating inflation, a projected primary fiscal surplus, improved credit ratings, and South Africa's exit from the FATF greylist. Together, these targeted reforms under the GNU suggest tentative but measurable momentum.

Reform Area	Key 2025-2026 goals	Status	Key Advances	Risks/Blockers
Electricity	Eskom restructure; competitive wholesale market; D&I reform; regulatory streamlining; transmission expansion	Advanced	Load-shedding largely absent; grid expansion progressing, Eskom unbundling started	Slow Eskom/EDI restructuring; regulatory delays; pushback from incumbents
Freight Logistics	Transnet restructure; ports & rail reform; open access; private participation; rail regulator & legislation	On track	Durban Pier 2 concession operational; port volumes improving; early rail tonnage recovery	Execution delays in concessions; union/operational resistance; infrastructure maintenance backlogs

Water & Sanitation	National Water Plan; institutional & regulatory reform; private sector participation	Early implementation	National Water Crisis Committee (Presidency); criminal liability framework gazetted; metro incentives announced (~R54 bn)	Municipal capacity & governance weaknesses; resistance to accountability measures; funding & implementation gaps
Digital Transformation	Digital ID system, broadband rollout, data exchange	On track	Spectrum auction completed; digital ID pilots expanding	Regulatory hurdles; data privacy concerns; uneven rollout in rural/low-connectivity areas
Visa & Skills	Streamlined work & tourist visas, critical skills list	Completed	Processing improvements; new critical skills list published	
Local Government	Utility & local govt reform; professionalised appointments; fiscal review	In progress	Standardised appointments in 42 metros/districts; performance grants linked to delivery	Deep municipal dysfunction; political interference in appointments; slow culture change & enforcement
Spatial Inequality & Housing	Passenger rail restoration, public-land release, title-deed backlog	Moderate progress	14 rail corridors reopened; 180k title deeds issued in 2025	Title-deed backlog clearance delays; land-release disputes; affordability & spatial planning conflicts

Where We Have Doubts of Successful Impact

Several SONA initiatives appear promising but face familiar execution risks. SANDF deployment against crime may provide short-term relief, yet lasting impact depends on coordination between SAPS, social services, specialised courts, stronger border control and credible action against organised criminal networks, including politically connected actors. Plans to disrupt the illicit economy are encouraging, although analysts argue centralised coordination, potentially within the Presidency, will be necessary to limit institutional interference. Proposed gun-control reforms may improve oversight, but critics warn compliance burdens could fall more heavily on lawful owners than on criminal networks operating outside legal channels.

Recent investigations again exposed corruption risks within SAPS. While new task teams promise faster probes, accountability remains uneven, with few high-profile prosecutions emerging from state capture inquiries. Water infrastructure commitments, including new dams, upgrades and roughly R156 billion in planned spending, acknowledge years of neglect, though questions remain over funding adequacy and implementation capacity.

Municipal reform efforts target entrenched governance failures, but resistance from patronage networks is likely. Auditor-General reports continue to highlight widespread irregular expenditure, persistent non-compliance and weak consequence management across many municipalities. Similarly, the R1 trillion infrastructure ambition signals intent but invites caution given past execution failures and weak investment multipliers under poor governance. Mining revival rhetoric also contrasts with recent sector contractions linked to regulatory uncertainty and logistical constraints, suggesting sustained recovery will require clearer, investor-friendly policy settings.

Whether the address ultimately proves consequential will depend on execution. Municipal governance remains the system's Achilles heel, public trust is still fragile, and upcoming local elections will test both political resolve and reform momentum. Yet, for one evening, Ramaphosa offered something rarer than optimism: tentative evidence that South Africa may have reached the bottom of its cycle and begun the early stages of an upward climb. If delivery over the next 12 months matches the commitments made on 12 February, this SONA could come to be seen as the moment the long post-Zuma hangover finally began to lift.

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