



Quarterly Review

Issue 3 - April 2026

Monitoring and measuring South Africa's reforms designed to address structural inefficiencies and improve the business environment



Moving.
But slowing.

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Developed and managed by  **krutham**

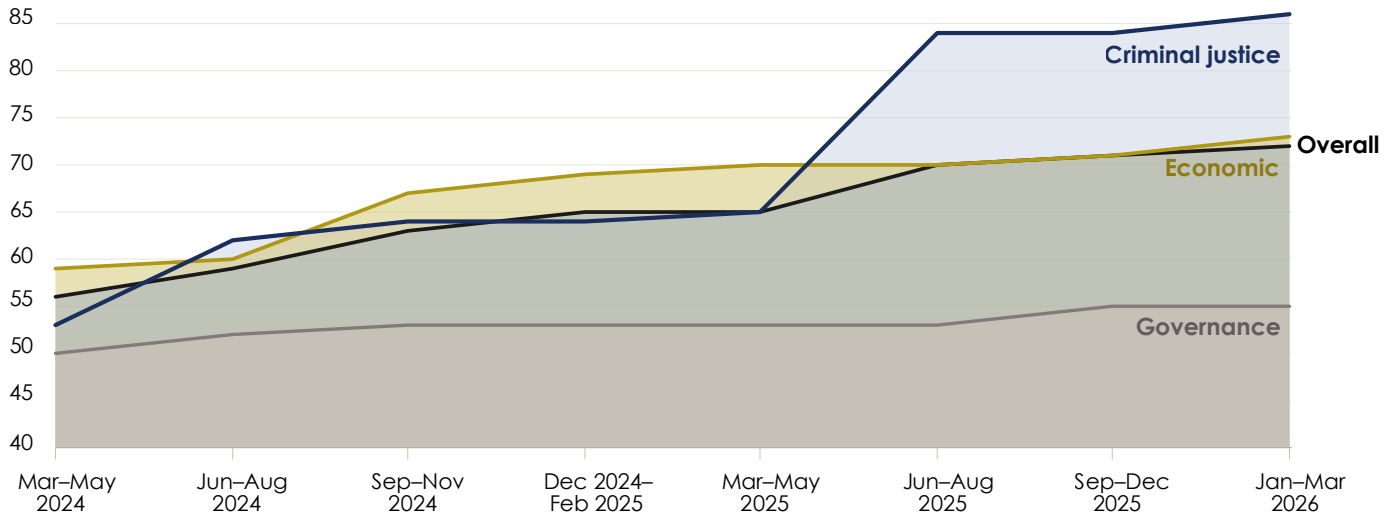
BLSA commissioned Krutham to analyse and track reform implementation, which Krutham has been doing since January 2024, initially monitoring more than 240 reform deliverables. Krutham is a research-led consultancy with specialist insight into policy in South Africa. For more information, visit [krutham.com](https://www.krutham.com).



South Africa's reform agenda is advancing, though at a slower pace

South Africa's reform completion index reached 71.75 in the first quarter of 2026, a 0.4-point gain from the previous quarter and 27% above the baseline established when tracking began in March 2024. Economic reforms, which carry the largest weighting (70%), remain the primary driver, though their progress was slowed by a sharp fall in freight logistics.

Main reform area completion index



We have changed the language from "completion score" to "completion index". This is because we are standardising the data from one quarter to the next, which compensates for the fact that the basket changes – reforms are completed, halted or new reforms added. Indexation standardises this, but over time will break from the journey to 100 as a completion threshold.

Overall completion index

71.75

Up from 71.1 last quarter
▲ +27% above baseline

Category performance

Economic 70% weighting	▲ +0.9% 71.81 → 72.46
Criminal Justice 17% weighting	▲ +2% 84.05 → 85.77
Governance 13% weighting	- 54.38 → 54.38

Looking ahead

Q2 2026 expected milestones include Sawem market code approval, NWRIA board appointments, local government white paper

Reforms tracked

245

individual deliverables

17 (6.9%) improved
10 (4.1%) declined
158 (64.5%) unchanged
33 (13.5%) completed
27 (11%) halted

Positive developments

Financial Intelligence Centre	▲ +50% 50 → 75
Labour reforms	▲ +19.7% 47 → 56.25
Financial sector reforms	▲ 3.5% 85.05 → 88.02

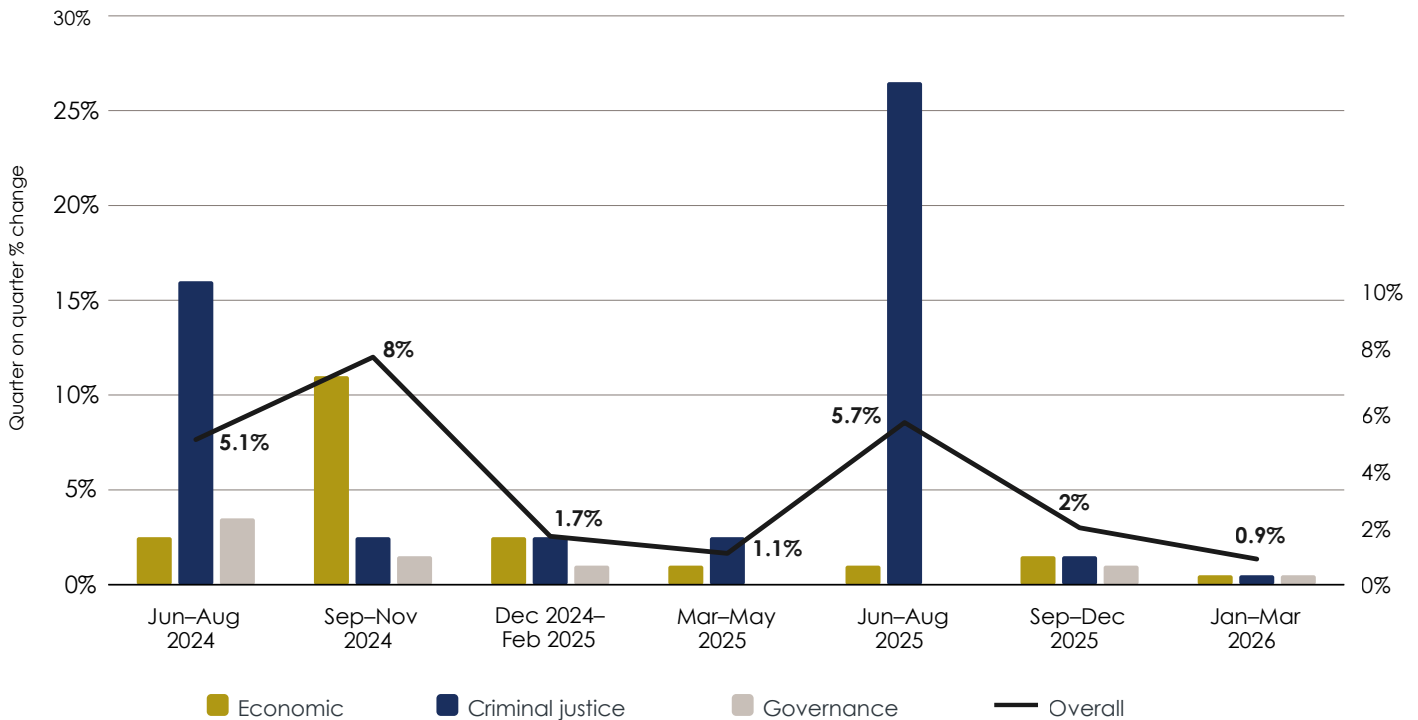
Negative developments

Freight logistics	▼ -4% 72.06 → 69.16
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Momentum slowdown

The reform momentum indicator declined to 0.9% in the March quarter from 2% previously. Out of 120 reform level categories tracked, 21 individual reforms (17.5%) advanced, nine (7.5%) declined and 90 (75%) were unchanged.

Reform momentum indicator



Freight logistics

Freight logistics reform scores dropped 4% from our previous quarterly assessment, reflecting a closer inspection of where critical reforms stand. The transaction pipeline is active, but the institutional architecture needed to make deals bankable (regulatory foundations, capacitated PSP unit) continues to lag.

Of particular concern is Volume 4 of the Network Statement, which must address the bankability defects operators and financiers identified in Volume 3. It missed its February target and remains unpublished. The National Rail Bill has no parliamentary date. And a closer look at transaction design reveals procurement governance concerns: Transnet continues to design and run PSP processes internally, with transaction terms that push disproportionate risk onto private partners. With the infrastructure framework as it is for now, Transnet is incentivised to ensure favourable commercial terms for itself.

Other economic reforms

Financial sector reforms advanced from 85.05 to 88.02 (+3.5%) following a flurry of post-Budget activity, not all of which affected scores. Progress was concentrated in safety net and stability measures, retirement reform and innovation infrastructure.

Water reforms progressed modestly, with the National Water Action Plan advancing. The NWRIA Amendment Bill awaits presidential signature, with board appointments expected in Q2 2026.

Energy sector developments included the submission of the Sawem market code to Nersa, with an internal launch scheduled for June 2026. President Ramaphosa confirmed the Transmission System Operator would be independent with asset ownership. The Gas Master Plan was delayed beyond its March target.

Labour law reforms also advanced with the gazetting of the Labour Laws Amendment Bill and Labour Relations Amendment Bill, both of which enable the reforms outlined in the Final Nedlac Report on the Labour Law Reform Process, published last year. They focus on retrenchments, dismissals, gig workers and small businesses.

Criminal justice reforms

Criminal justice reforms showed a major gain in Financial Intelligence Centre capacity (50.0 to 75.0), offset by a minor technical adjustment to FATF scores. Of 20 reform areas tracked, one advanced, one declined and 18 remained unchanged.

Governance reforms

Governance reforms recorded no score movements during the quarter but on 1 April, after this review period, the Public Service Amendment Act and Public Administration Management Amendment Act were gazetted, shifting administrative powers from ministers to heads of departments and strengthening ethical standards across the public service. The improved scores will thus reflect in the next quarterly review.



A word from BLSA CEO

Busisiwe Mavuso

When we launched the BLSA Tracker to the public in August last year we spoke a lot about the “onion” structure of the typical reform process. As one layer of a reform is implemented, the next layer needs to be addressed. Many of those can be anticipated and included in the overall reform plan, but there will always be unexpected obstacles to overcome. Given the complex nature of the major reform areas such as energy and transport/logistics, where many reform deliverables depend on other reforms to be effective, we should expect this. What’s important is to address each new blockage and implement plans to overcome it.

In the previous review covering August-December 2025, we highlighted the retrogressive step taken when Eskom and the Department of Electricity and Energy approved an unbundling strategy for Eskom that diverged from the agreed process by retaining transmission assets within Eskom, which would leave the Transmission System Operator without assets, weakening its credibility with investors and limiting its ability to raise capital. That would threaten the country’s grid expansion plans. President Cyril Ramaphosa then stepped in, assuring the country in February’s state of the nation speech that the TSO would be independent and own the transmission assets. We expect the report of the task team he appointed to look into the issue to be made public imminently.

In the past quarter, another problem area has surfaced: the index for freight logistics dropped 4%. Full details are in the Economic section of this publication, but the underlying issue that is contributing to this – and contributed to the Eskom developments – has been emerging as various “outer peel” layers of reforms have been implemented.

Specifically, the architecture of both sets of reforms, at this stage of their unbundling processes, leaves them both referee and player at the very time their industries and business units are being opened up to private sector participation. This framework explicitly incentivises Eskom and Transnet to put their interests first.

As such, we have a situation where a state entity might push back, quite rationally from their perspective, against certain reforms. There is an awkward point in the transition in which both Eskom and Transnet must be relied on to implement reforms that will expose them to future competition. It is not a surprise that they are resisting.

But many stakeholders are involved and the most important is the general public: the reforms were designed specifically to address dysfunctional areas in both industries and develop systems and processes to improve overall efficiencies. The competitive markets in electricity and logistics will lay the foundation for a stronger economy where the network industries are able to provide sufficient energy to drive industrial expansion, and the transport-logistics system is able to import and export products, from source to port to final destination, all at competitive rates. Both Eskom and Transnet will remain huge businesses right through and beyond this reform process, but if private sector participants are unable to compete on equal terms, the industry’s entire reform process will collapse.

The Tracker has now been actively reviewing reform for eight quarters. During that time, most of its work has been developed at the start of the Ramaphosa presidency, with a raft added after his second administration. Many onion layers have emerged during the process.

But it is important that we ask, what about entirely new onions? What other areas of our economy and society require fundamental reform to build the economy and society South Africa needs over the long term? How do we ensure that reform is ongoing and dynamic, constantly enabling us to adapt to deliver the best for our people.

One immediate area that springs to mind comes from the Commission of Inquiry into Alleged Criminality, Political Interference and Corruption in the Criminal Justice System. Judge Mbuyiseli Madlanga’s findings will be closely scrutinised but as important as accountability is, it is equally important to implement systems and processes

to ensure that this cannot happen again, with top police officials allegedly associated with criminal syndicates. That means we need systems and processes debated, designed and implemented – a new onion of reforms designed to minimise corruption within police ranks.

Let's not stop there. While the current reform programme is extensive and tackles the most important areas of dysfunction, unfortunately, there are countless other segments of the state apparatus that are failing to serve the country's citizens, ranging from potholes to the unacceptable state of basic education.

This is important; severe crises within each focus area determined the initial round of reforms. It's far better to plan ahead to avert such crises, and far less costly. And the more areas of our society and economy we can improve, the more potential there is to achieve the higher levels of growth we so desperately need to start making meaningful inroads into the high unemployment rate.

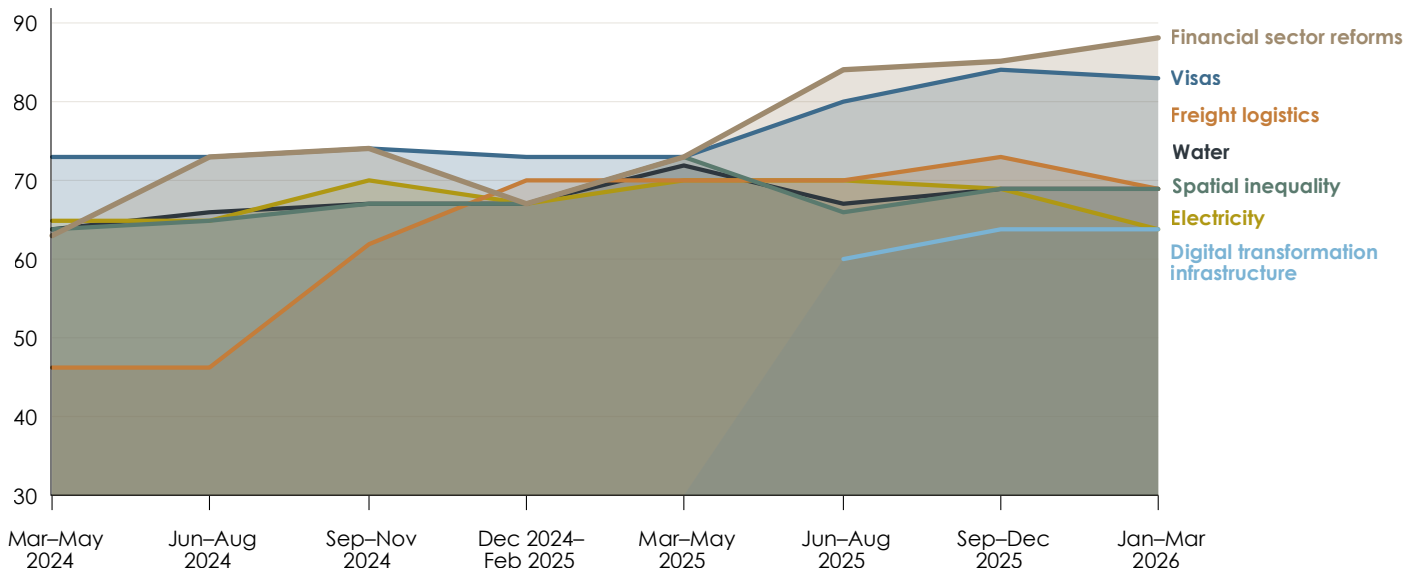
BLSA believes such long-term planning is so important to the future wellbeing of the country that we are identifying other areas of the country that require improvement, and that will be the starting point to launch a new set of reforms. We'll also be looking over our shoulders, to check if implemented reforms are under threat, or do some need to be further institutionalised to ensure they are irrevocable.

The effects of reforms often take a long time to be felt in society and in the business environment. This makes long-term planning even more important and, ultimately, the primary aim of all reforms is to improve the state of the country for future generations.



Economic reforms

Economic reform completion scores



Logistics

Freight rail and ports

South Africa's logistics reform pipeline is the most active it has been in many a decade. Q1 2026 brought regulatory milestones, new procurement activity and early signs of private capital responding to the opportunity. But structural gaps remain and there is a risk that the transaction pipeline runs ahead of the institutional reforms and capacity required to make deals bankable. Below we reflect progress made in the January-March 2026 quarter.

> Regulatory framework advances

The Economic Regulation of Transport (ERT) Amendment Act was signed into law on 2 March 2026. Parliament had passed the bill in December 2025 to correct a minor technical error in Schedule 1 of the principal 2024 statute. The act establishes two independent regulatory bodies: the Transport Economic Regulator (TER), which approves prices, grants third-party access and enforces compliance; and the Transport Economic Council (TEC), an independent adjudicative body for appeals and disputes.

The TER became operational in April 2025. The TEC was due to do so in April 2026, but this has been delayed. For rail reform to be effectively implemented, the TER's third-party access powers are important as they provide the legal basis for private operators to compete on Transnet's network.

The TER board has been appointed and is acquainted with its roles and responsibilities, and an interim CEO has similarly been appointed with effect from 1 April 2026.

On TNPA corporatisation, a technical assessment has been completed and awaits ministerial approval. We do not yet know how the process will work operationally or how the new TNPA will be capitalised, but once approved, legal separation from Transnet can proceed under the National Ports Act and the Guarantee Framework Agreement.

> Rail transactions moving

We understand that seven private train operating companies (TOCs) – of the 11 selected for further accreditation – are now in advanced negotiations with the Transnet Rail Infrastructure Manager (TRIM). We are also seeing an increased focus on opening up secondary rail lines, with short-haul operations expected to commence in April 2026, with full network access following. In March, and in line with its mandate to enable private sector participation, TRIM also released an RFP to lease three freight sidings to private operators: Klaserie in Limpopo, Ngagane in KwaZulu-Natal and Krugersdorp in Gauteng. A siding is a dedicated section of track, branching off the main line, where cargo owners and logistics companies load and unload goods directly onto the rail network.

> Port concessions proliferate

The Transnet-ICTSI joint operating agreement for Durban Container Terminal Pier 2 took effect on 1 January 2026, with the DCT2 henceforth being known as the Durban Gateway Terminal. Although verified Q1 performance data are not yet available, it is understood that some 450,000 TEUs were handled by the terminal in this period. Pre-handover momentum was real – Transnet's equipment investments produced a 28.8% year-on-year throughput increase during the 2025 citrus season. While this concession received a lot of attention, 180km north, the Richards Bay Dry Bulk Terminal request for qualification (RFQ) was issued on 20 February, with an RFP expected to be released to the market in late 2026. Finally, on the other side of the N2 along the eastern shoreline, African Rainbow Minerals has signalled to the market that it is seeking to form a consortium to bid for the Ngqura Manganese Ore Export Rail Line and Terminal, with the RFQ expected in May/June 2026.

> Structural concerns

Three issues – if left unresolved – threaten to undermine the progress in the country's logistics reform journey.

1. Transnet is both the player and referee in the private sector participation (PSP) processes

While establishing and capacitating the PSP unit will not happen overnight, the central role Transnet continues to play in both design and procurement runs the risk of undermining the much-hyped intention to break down the SOE's monopoly. The Richards Bay Dry Bulk Terminal RFQ follows Transnet's standard corporate procurement regime with, it appears, no oversight from the PSP unit or Department of Transport (DoT). Transnet has also issued an RFP for a transaction advisory panel to advise on PSP structuring and pricing over five years – but Transnet will procure this panel too.

When the incumbent operator runs the processes for its own replacement, it has both the incentive and power to possibly favour arrangements that protect its position rather than genuinely open the market to the investment that the rail and ports networks urgently need, and which Transnet cannot provide.

2. Delays in institutional reforms and regulation exacerbate procurement governance uncertainty

Since August 2025, the DoT has promised the timely publication date of Volume 4 of the Network Statement, while OV's latest progress update targeted February 2026. The DoT has released very little in terms of updates on this and the February publication target has passed for OV. This matters because previous Network Statements have been deemed largely unbankable by operators and financiers

alike. Traxtion's February 2025 submission to the Independent Rail Economic Regulator Capacity (IRERC) identified five structural defects in Volume 3: TOCs must accept the network "as is" with no maintenance obligations on TRIM; penalties are asymmetric, with TOCs facing material consequences for non-performance while TRIM bears none for infrastructure failures; TRIM explicitly disclaims any service-level warranties; slot tenures are too short to underpin the 10-15 year debt structures that rolling stock financing requires; and there are no lender protections – no step-in rights, no project-finance-aligned termination provisions and no bankable force majeure framework. Thus accompanying Traxtion's announcement of a R3.4bn rolling stock investment, CEO James Holley said that before the company could unlock further investment, these issues must be addressed in Volume 4.

3. Opportunity costs are becoming increasingly visible

Two examples illustrate the economic consequences of delayed reform. First, most of the country's deciduous fruit exports leave through Cape Town Container Terminal (CTCT) – the port closest to the Western Cape's fruit-growing regions. In the opening weeks of the 2025/26 export season, severe weather and persistent equipment failures stretched vessel turnaround times to nearly nine days against a target of four. About 1,700 refrigerated containers accumulated in cold storage and export volumes fell roughly 9% year-on-year. Exporters diverted cargo through Gqeberha, Durban and Walvis Bay at significant additional cost – direct losses exceeded R350m, with about R1bn of fruit inventory at risk. Second, South Africa sits at a rare geopolitical inflection point, though one that cuts both ways. Shipping lines including Maersk, Hapag-Lloyd and CMA CGM are rerouting away from the Red Sea and the Strait of Hormuz, driving a 112% surge in vessel calls at CTCT. More calls mean more connectivity, more transshipment revenue and a stronger case for long-term route commitments. Unfortunately, the surge is overwhelming a terminal already underperforming. Berthing capacity of 1.4 million TEUs (twenty foot equivalent units, a measure of cargo capacity) still exceeds landside terminal capacity of one million TEUs; crane productivity remains well below potential; and each additional vessel tends to lengthen the queue rather than generate throughput.

The next three months will test whether institutional reform can keep pace with the transaction pipeline. The capacitation of the PSP Unit, the Transport Economic Council's imminent commencement, the publication of the overdue Network Statement Volume 4, and TNPA's ministerial approval are the gates that matter most – each one an imperative for the deals already in motion to become bankable.

Passenger rail

In our previous quarterly review, we highlighted that Prasa's achievements are easily missed amid the focus on Transnet. The 2026 Budget then allocated an additional R23.1bn over the medium term to upgrade telecommunications and signalling systems. The mega-signalling programme will replace obsolete and vandalised assets to improve safety, increase train frequencies and expand network capacity. The baseline has also shifted: having reached 77 million passengers in 2024/25, the target this financial year is 116 million. While there are no updates on the RFI released last year, we expect an RFP to be published in 2026.

> Gautrain concession

The Gautrain reached the end of its 19.5-year Bombela concession on 28 March. The Bombela Operating Company will continue to manage the R45bn asset under a holdover arrangement for six months while a new concessionaire for the next 15 years is finalised.

Premier Panyaza Lesufi reiterated the Gautrain's expansion plans to Soweto, Mamelodi, Springs, Atteridgeville, Fourways and parts of the West Rand – a R120bn investment that he says will create 125,000 construction jobs. The province has also adopted its Integrated Transport Master Plan, which positions rail as the backbone of a multimodal system coordinated through the Transport Authority for Gauteng.

> What lies ahead?

South Africa's logistics reform has more live transactions, more regulatory instruments and more private capital interest than at any point in the past decade. The next three months – specifically the TEC's April commencement and overdue Network Statement – will be significant in strengthening the institutional architecture to underpin all the deals taking place in freight logistics. For passenger rail, Prasa needs to convert budget support into operational scale, while Gautrain is transitioning from a 19-year concession to an uncertain interim arrangement that hopefully will be clarified soon.



Energy

Sawem developments

The National Transmission Company South Africa (NTCSA) has submitted the market code to the National Energy Regulator of South Africa (Nersa) for consideration, and it should be approved by H2 2026. This marks another milestone reached for the launch of the South African Wholesale Energy Market (Sawem). It is now expected to include an internal launch in June, with Eskom generation and distribution, and its contracted independent power producers, participating via the Central Purchasing Agency. The introduction of external parties will happen later, with the NTCSA estimating this to be only in Q2 2027.

Nersa granted the market operator licence to the NTCSA in November 2025 and is in advanced stages of finalising the licence conditions, expected in Q2 2026. The next step will be implementation to ensure the independence of the Market Operator from the Eskom Group.

Next on the regulator's list is the development and approval of the vesting contracts framework paper. This is crucial for negotiating vesting contracts to support Eskom generation, distribution and contracted independent power producers to participate in the market. Other items that still need to be approved ahead of launch are the wholesale electricity tariff and market trading platform.

There are a lot of regulatory hurdles to overcome this year, and the expectation is that the market will really function as it should only by 2028.

Eskom unbundling

As expected, political intervention by President Cyril Ramaphosa was needed to put Eskom's unbundling programme back on track. During his Sona in February, the president sent a clear message that the Transmission System Operator (TSO) would be independent, with asset ownership siding with Operation Vulindlela and Treasury's approach and overruling Eskom and the Department of Electricity and Energy (DoEE). The development should address concerns of creditors and other electricity market participants.

A task team led by Treasury and which includes the DoEE will report to the president in May on its recommendations for the implementation of the TSO in the next 18 months. A request for proposals for transaction and legal advisers to support the unbundling is expected to be issued in May.

Gas Master Plan delayed

There have been further delays in processing the Gas Master Plan, and the lack of policy direction will continue to weigh on investor confidence in the sector. The Gas Master Plan was expected to be

tabled for Cabinet consideration in March, but this is likely to be delayed as consultations at Nedlac did not conclude as planned in December 2025.

Work by an interim advisory panel providing quality assurance for the plan is also still in progress. The modelling for the plan was based on the Integrated Resources Plan (IRP) 2019, and this had to be updated to align with the IRP 2025.

The new Gas Bill, which was introduced to parliament in early March, will update the Gas Act of 2001 and create the legal framework to procure new gas infrastructure, and set out provisions related to the development of the Gas Master Plan. However, it is unlikely to speed up the plan's finalisation – as the plan may well be gazetted before the bill is passed. The bill will also do little to resolve the looming gas cliff and other issues constraining investment in the sector, such as environmental litigation and procurement design problems observed in the first-ever gas IPP procurement programme.

Major gaps persist from a policy and legal perspective needed to strengthen investor confidence.

Water

There has been some progress in the water sector over the last quarter, particularly in legislative and policy development.

The NCOP's select committee on cooperative governance and public administration passed the National Water Resources Infrastructure Agency Amendment (NWRIA) Bill and it now awaits the president's signature. We expect the bill to be signed into law in Q2 2026, paving the way for the proposed NWRIA's listing as a Schedule 2 public entity under the Public Finance Management Act and the disestablishment of the Trans-Caledon Tunnel Authority. Water and Sanitation Minister Pemmy Majodina is also expected to appoint the NWRIA board in Q2 2026.

The updated Green Drop and Blue Drop progress assessment reports were issued. Green Drop reports monitor the performance of municipal wastewater treatment systems, while Blue Drop reports assess the quality of drinking water supply systems.

The Green Drop report reflects deterioration but the Blue Drop report improved slightly. Green Drop certifications, awarded to wastewater treatment systems scoring $\geq 90\%$, fell from 22 systems in 2022 to 14. On Blue Drop, 623 (62%) water supply systems are supplied by systems that present a low risk to drinking water safety, up from 557 (60%) in 2023. A separate 79 (7.9%) are classified as critical risk, down from 95 (9.9%) in 2023. Both reports highlight that urgent interventions are still required. The next reports are expected in 2027.

Moreover, the National Water Action Plan is expected in Q2. If credible, it will support industrial expansion and infrastructure restoration programmes. Last quarter, work was still under way to get the National Water Crisis Committee (Watercom) off the ground to launch a coordinated response to the crisis. The terms of reference, membership and meeting schedule of the Watercom are yet to be made public.

Housing

OV2.0 and the affordable housing agenda

Compared with freight logistics and energy reforms, Operation Vulindlela 2.0's affordable housing priorities attract far less public scrutiny, which may explain why similar commitments recur in successive Sona addresses with limited accountability. Our previous review covered the demand-side pivot in subsidy design and provincial and municipal progress on affordable housing delivery.

This quarter, the stalled-projects picture is considerably worse than we reported, and the title deeds backlog remains unquantified.

The demand-side pivot: promise confirmed, risks unresolved

We previously flagged how affordable housing subsidy design is moving towards a demand-side shift, which is consequential but incomplete. It promises a lot in terms of household agency and economic inclusion but is silent on the risk-sharing mechanisms and credit enhancements needed to bring private capital in at scale. While this tension has not been fully resolved, there might be more substance than there was three months ago. OV2.0's latest progress report shows that an affordable rental housing model has been developed, based on research conducted in Johannesburg, and presented to key stakeholders. It was due to be finalised by end-March 2026, though no announcement was made, with

implementation of the demand-side subsidy pilot to follow in April. The emphasis on rentals reflects economic reality: around 4.5 million households already rent, yet only 54,000 new rental units entered the market over the past five years.

The supply side is also moving, albeit slowly. The Department of Public Works and Infrastructure (DPWI) has established a Strategic and Special Delivery Unit, tasked with auditing all publicly owned land and buildings to identify properties suitable for housing development. A standard land-release methodology is in development, with priority parcels for a pilot phase to be identified. This addresses a concern we have raised before, namely that demand-side reforms were outpacing the serviced land and approvals pipeline.

President Cyril Ramaphosa's Sona also proposed a National Property Company to turn a neglected R155bn state property portfolio – 88,000 buildings and five million hectares of land – into a productive economic asset. This company will act as an active asset manager, packaging high-value properties for public-private partnerships, long-term leases or sale, while the DPWI retains custodianship. A first-phase programme releasing 31 properties drew overwhelming interest.

Stalled projects and title deeds backlog

Previously, we reported that the Social Housing Regulatory Authority (SHRA) had identified at least 10 major stalled developments – from Midrand to Kimberley – with 52 projects facing varying degrees of blockage nationally and R553m at risk of being

written off. Human Settlements Minister Thembisile Simelane's Q1 tally puts the number of stalled, abandoned or blocked projects at 212, collectively valued at roughly R37bn. The Free State alone accounts for 154 of them.

The unblocking effort in 2024/25 produced 815 completed units against a backlog of between 2.1 million and 2.4 million. Our previous update noted that KwaZulu-Natal had reduced blocked projects from 68 to 15, a genuine turnaround.

But we also observed that 68 projects reaching blockage simultaneously pointed to systemic pipeline failures, not individual mismanagement. This latest national figure confirms that diagnosis.

By mid-2025 the sector had delivered 18,068 units against a national target of 39,436. Spending money is not the same as building homes.

Meanwhile, the OV2 progress report flags a separate but related problem: the scale of the title deeds backlog remains unquantified. Analysis of deeds data to determine the size of that backlog – and how to sequence clearing it – was due in March 2026.

What is working

Not everything is static. South Africa's exit from the FATF grey list, inflation near a 20-year low and the increase in the capital gains tax (CGT) exclusion on primary residences (from R2m to R3m, effective 1 March 2026) all support a more active property market. The CGT change will allow more sellers, particularly retirees and long-term owners, to retain equity and redeploy it.

The Western Cape has also made some progress. Cape Town's amended planning bylaw enables township micro-developers to build up to 12 units without costly rezoning, and Stellenbosch's inclusionary zoning has approved over 900 units. The Western Cape accounts for 44% of building plans passed nationally; Gauteng manages 28%.

Nationally, the delivery machinery remains the binding constraint. Municipal dysfunction, contractor abandonment, legal disputes and budget cuts continue to undermine even well-designed programmes and no amount of policy refinement resolves that without deeper institutional repair.



Financial sector reforms

From design to delivery – moving into the execution phase

Outside of the OV agenda, numerous financial sector reforms are progressing strongly. Taken together, they are setting a strong foundation to improve governance and efficiencies in the financial sector, largely through legislative changes that converge with global norms.

Across the previous two quarters the financial sector reforms moved from “building the plumbing” to testing whether it works, which is why the aggregate score only nudges up even though a lot has happened beneath the surface.

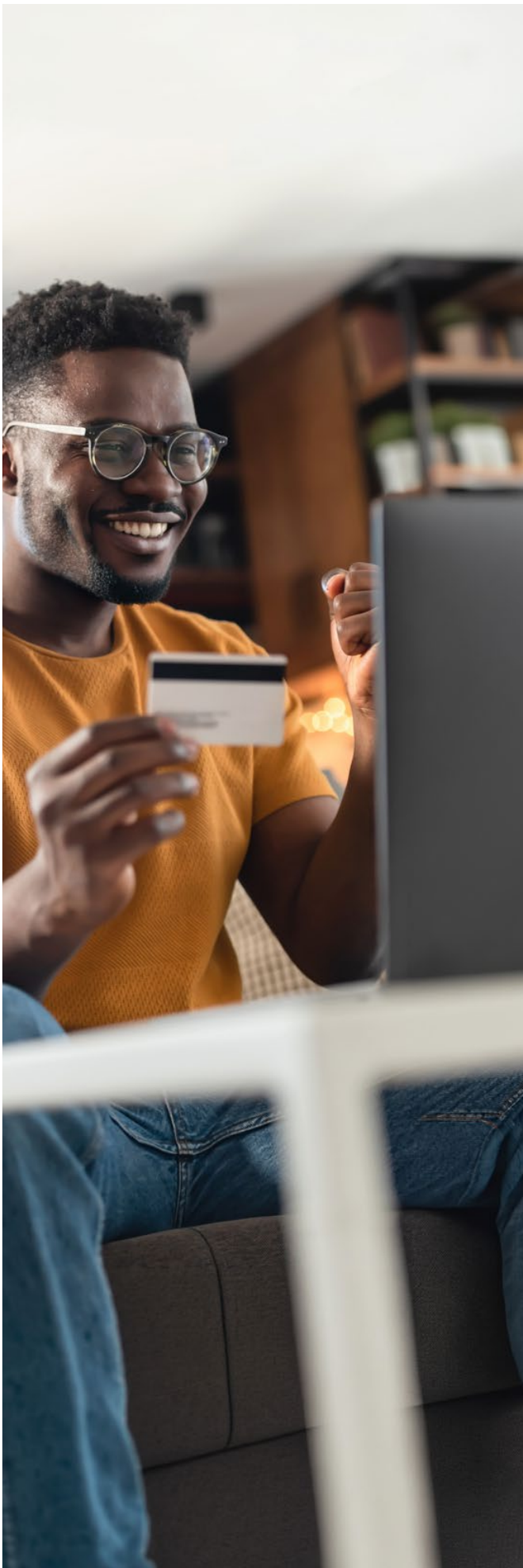
The improvement in the overall score reflects that most of the big-ticket reforms are now legislated, operational and beginning to interact with each other, whereas in December 2025 several were still in transition or awaiting enabling law. The areas that look stagnant are generally not abandoned; they are either waiting on complex institutional changes (such as the ombud consolidation) or depend on market behaviour and capacity.

Three reform clusters drive progress

On the improvement side, three clusters are doing the heavy lifting. First, the safety net and stability architecture has matured: CODI, incorporating explicit bank deposit insurance, is live; the Gold and Foreign Exchange Contingency Reserve Account (GFECRA) settlement framework has been implemented and the Emergency Liquidity Assistance (ELA) and resolution liquidity standards are being operationalised. That combination means bank failures, liquidity shocks or reserve valuation swings should be easier to manage without ad hoc political deals or fiscal surprises, which is exactly what long-term investors and rating agencies care about.

Second, retirement reform has moved decisively from concept to operation. The two-pot system is in force, funds and administrators have repapered rules and processed initial withdrawals and Budget 2026 sets out a path to centralise unclaimed assets. These moves tighten preservation and governance of large pools of capital while still giving members limited access and a clearer line of sight on unclaimed benefits.

Third, the innovation and market infrastructure track has real traction. The transition from the South African Rand Overnight Index Average (JIBAR) to the South African Rand Overnight Index Average (ZARONIA) has a published fallback and timeline; crypto assets are inside the regulatory perimeter through CASP licensing and strengthened measures to combat money laundering and terrorism financing; and payments reforms (PayShap now live, national payments utility and activity-based licensing) provide a credible pathway to cheaper, instant digital payments.



Where progress appears slow (but isn't stalled)

The reforms that feel stagnant tend to share a different set of constraints. The National Financial Ombud Scheme is mandated with forming one National Financial Ombud Scheme (NFO) for the financial sector, replacing the current patchwork of voluntary and statutory schemes. However, consolidation of four existing offices – Ombudsman for Banking Services, Ombudsman for Short-Term Insurance, Ombudsman for Long-Term Insurance and the FAIS Ombud – into a single entity is institutionally and politically complex; without a final designation and migration plan, it stays in “advanced design/delayed launch” territory.

Similarly, policies on tokenisation and broader distributed ledger technology are being handled cautiously through pilots and sandbox work rather than a big legislative push, partly because authorities are trying to stay technology-neutral and avoid premature rules in a fast-moving space.

SME-focused reforms linked to payments and credit also look slower because they rely on adoption and pricing decisions by banks, payment service providers and platforms. The infrastructure and licensing reforms are progressing, but measurable changes in SME access, cost of acceptance and product diversity will lag until commercial models adjust.

Implications for stakeholders

For stakeholders, the implications differ by constituency.

For banks, insurers and retirement funds, the message is that the regulatory game board is now largely set.

Capital, liquidity, resolution, deposit insurance, benchmarks and retirement rules are clearer and more stable than at any point in the past decade. That reduces policy uncertainty risk but raises the bar on execution – supervisors and the forthcoming FATF mutual evaluation will be looking at effectiveness, not plans.

For institutional and foreign investors, the Tracker's message reinforces that South Africa's financial sector architecture is converging with global norms. Explicit deposit insurance, a modern RFR benchmark, structured treatment of reserve gains and a credible long-term investment pipeline all support the case for allocating long-dated capital – even if macro and SOE risks remain. For consumers and SMEs, the reforms promise more tangible benefits but on a slower timetable. Safer deposits, more transparent retirement products and the possibility of cheaper, instant payments are in place, yet the true gains will depend on how quickly the industry competes on price, service and innovation within this new framework.

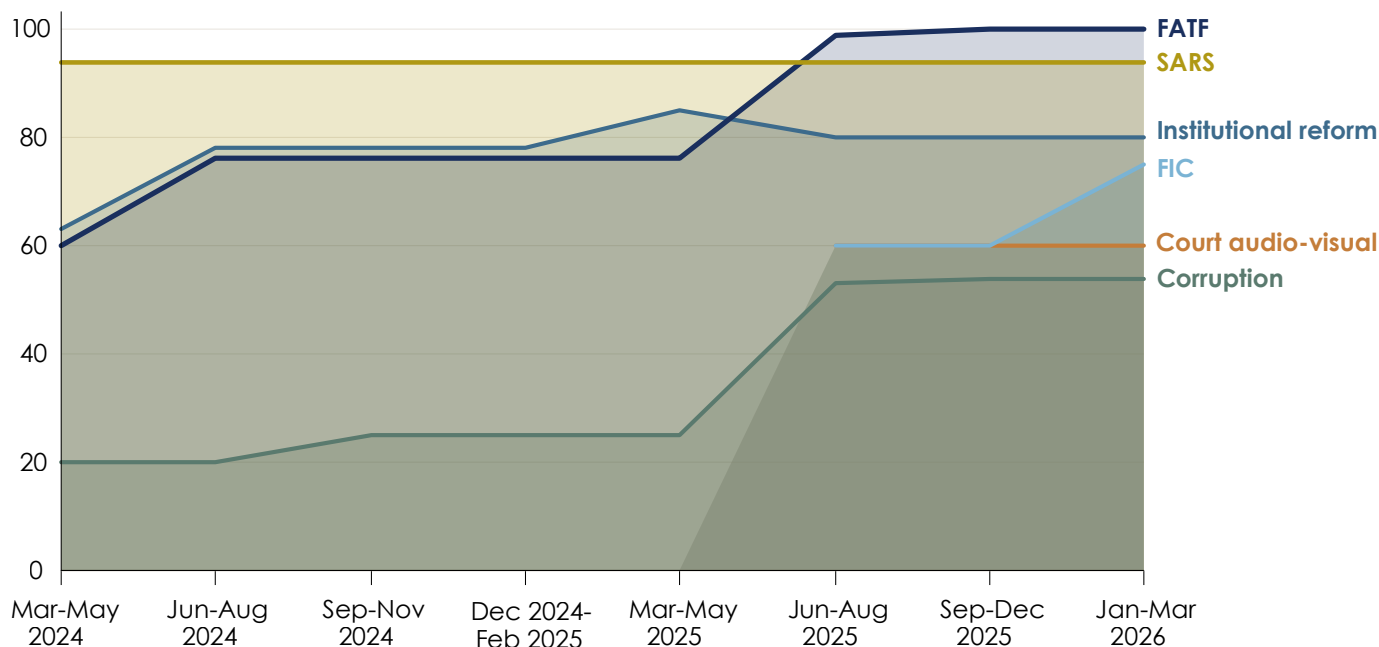
This quarter is therefore less about big score jumps and more about consolidation and credibility.

The financial sector can legitimately claim that it has delivered on the bulk of its reform commitments ahead of the next FATF mutual evaluation and in support of the broader investment agenda. The risk is complacency – if the NFO launch continues to drift, if tokenisation policy is left too vague, if payments and SME finance reforms don't translate into visible price and access changes – the sector's reputation as a reform frontrunner could stall.

Once all the reforms are completed and their effects are being felt in the market – which should be over the medium term – South Africa's financial sector will be exemplary relative to global standards. The legislation will support more transparent governance and improve efficiencies, enabling South Africa to compete globally.

Criminal justice reforms

Criminal justice reform completion index



Criminal justice’s completion score improved to 85.77 from 84.05, driven by improved capacity in the Financial Intelligence Centre (FIC), with its score rising from 50 to 75.

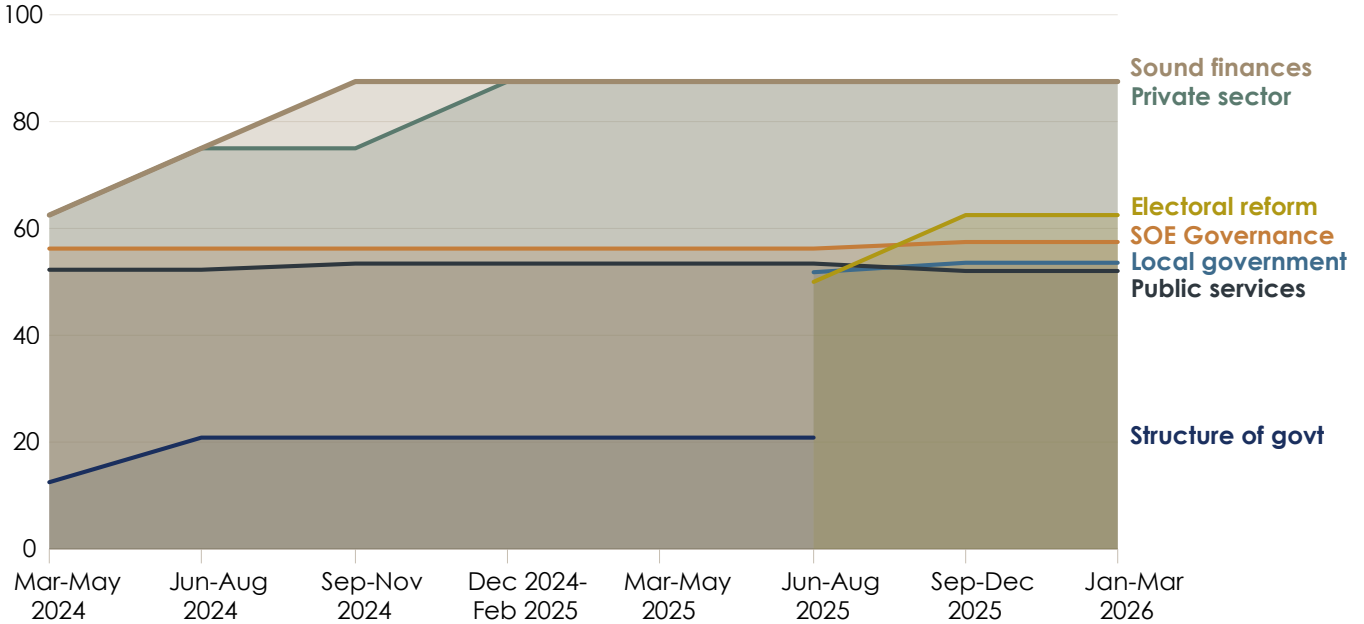
The improvements mean that banks are able to report against this more granular template – and that the FIC explicitly links it to a more risk-based supervisory approach.

Bank compliance with FIC expectations has improved materially over the quarter. On our tracker, the FIC’s score for bank-side implementation of AML/CFT obligations rose from 50 to 75, reflecting concrete progress in risk-based monitoring, reporting quality and responsiveness to FIC directives. This signals that the banking sector is now moving from basic remediation to a more mature, effectiveness-focused compliance posture.

Draft Directive 11 of 2026, published for consultation in March, set out detailed questionnaires on governance, implementation of risk management and compliance measures, transaction-monitoring, reporting and remediation, with banks required to report on their practices over the 1 April 2023-31 March 2026 period. This is now finalised in Directive 11 of 2026, gazetted on 31 March 2026, which confirms that specified accountable institutions, including banks, must submit comprehensive risk-and-compliance returns covering that three-year window.

Governance reforms

Governance reform completion index



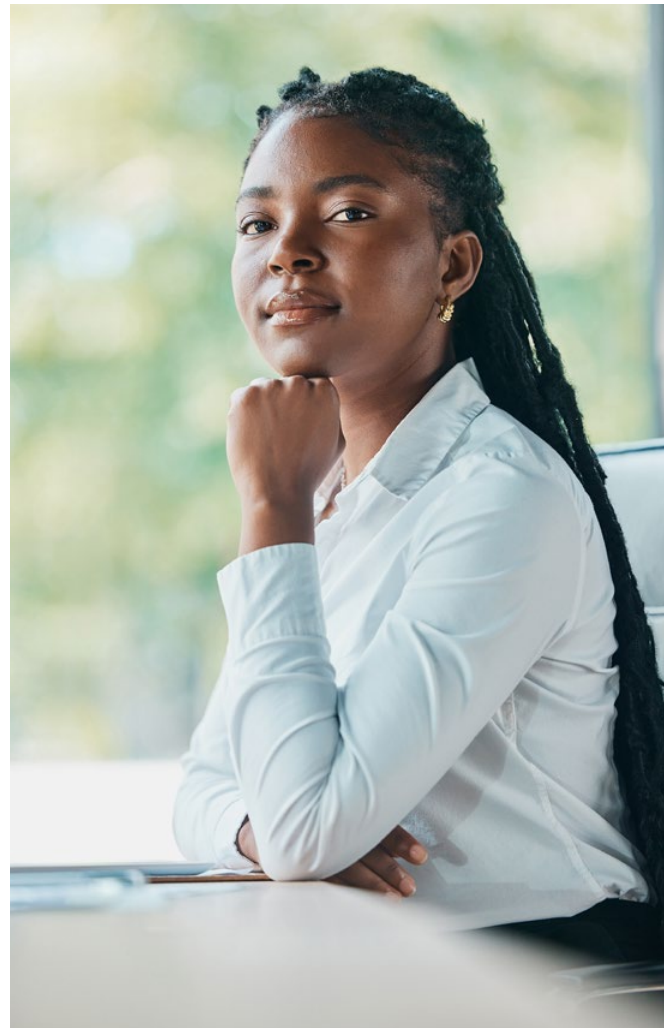
Professionalising the public service

One aspect of Judge Raymond Zondo's recommendations to combat state capture has taken a significant step forward with the enactment of the Public Service Amendment Bill and the Public Administration Management Amendment Bill on 1 April.

Much of the malaise in SA's public sector stems from undue political interference, particularly patronage and the appointment of unsuitable officials, in key positions across government, as evidenced during the state capture era.

In an attempt to redress this, and in the aftermath of the Zondo commission, the 2022 National Framework towards the Professionalisation of the Public Sector was formed as a strategy for state reform. It recommends amendments to principal acts governing public administration and service. Consequently, the Public Service Amendment Bill and the Public Administration Management Amendment Bill were introduced during the previous administration and revived under the current one.

As we reported in the last quarter of 2025, these bills were awaiting presidential signature; they were enacted immediately after the quarter ended, on 1 April, and thus do not affect the Jan-March quarter's scoring.





Key changes and gaps

The centre of attention is the Public Service Amendment Act. The act clarifies the delineation between the political and administrative roles at national and provincial government levels. In an attempt to address inappropriate interference of politicians in operational matters, executive authorities (ministers and premiers) will no longer have the authority to appoint and dismiss staff below the head of department (HoD) level, eg, director-general, in the public service. Abuse of political prerogative in these processes has been the key mechanism of state capture. The administrative power now shifts to HoDs to handle human-resource management in their respective departments.

While the act is a welcome step forward, the framework to support the development of an impartial public administration remains incomplete. There is still plenty of room for potential political interference and corruption to infiltrate the public sector. In terms of section 12 of the Public Service Act (1994), executive authorities, particularly the president and premiers, retain the power to appoint individuals as HoDs, without involvement of an independent panel or parliament.

As a result, HoDs may be appointed based on political preferences, allowing those interests to cascade down the administrative hierarchy and into public procurement decisions.

HoDs may also appoint individuals who are part of a patronage network to key positions in their departments.

What is missing in the act are measures related to appropriate checks and balances in appointments and dismissal processes.

The National Framework towards the Professionalisation of the Public Sector recommends that the director-general in the presidency, as the head of public administration, play an active part in appointing and managing the career management of HoDs. However, this does not form part of section 7(3)(c) of the Public Service Amendment Act.

Appendix

Analysis and research process

This report covers a three-month period, January to March 2026.

Three overall reform categories, criminal justice, governance and economic, are broken down into individual reforms. These have been identified from many policy pronouncements by empowered officials. Each reform proposal is logged and then updated with any developments as they happen, with an overall check every quarter.

Progress is tracked through four phases

The Tracker monitors progress on each policy deliverable in four distinct phases:

Our team analyses the progress of each deliverable through these four phases and assesses whether the goals have been achieved. The goals serve as the threshold for completion of the deliverable. The team interrogates progress on the deliverable across the four phases, assessing public announcements and speaking to key stakeholders from policy holders to business to understand where reforms have got to and what may be holding up further progress. Each reform deliverable is assessed once per quarter, though it can be updated more regularly if specific new information is made public.

The assessment is provided at a granular level for each deliverable. Deliverables are categorised in reform areas, which are major reform themes within each of the three top-level reform categories: criminal justice, governance and economic.

Is it on the agenda?

When a policy proposal is first mooted it takes time to make its way onto the agenda of government for implementation. The agenda is set through key policy pronouncements in the state of the nation addresses, the national budget and the departmental plans of government.



Are there plans in place?

A policy can be put on the agenda, but there then needs to be a clear plan drawn up for implementing it. This will set out what is being done to ensure the policy is turned into reality, including research and consultation and action plans for different government actors. Such plans can include white papers, Operation Vulindlela plans, reform roadmaps, etc.



What government actions have there been?

This is where implementation is key – are the plans being put into action? This can include new laws being tabled, regulations being amended, new institutions established or others restructured, people hired, new systems developed and launched, all to ensure the plans are made a reality.







Does it work?

This is an assessment of substantive efficacy, whether South Africans are truly benefiting as intended by the policy change.

Colour indicators

The online Tracker shows colour heat maps at reform area level as well as at the level of each deliverable. These reflect the extent to which the reform is “on track”.

-  The reform or deliverable is on track, making reasonable progress in line with the planned timeline.
-  The reform or deliverable is progressing but inconsistently or is behind schedule.
-  Major delays or obstacles are holding the reform or deliverable back. Without urgent action, it risks stalling or being abandoned.
-  The reform or deliverable has been halted and is no longer being tracked. This might be because it has been superseded or because there is no longer political commitment.

How the scoring works

The four phases are shown in the analysis of each reform deliverable in the Tracker. A brief update is given under each phase with a traffic light colour signal showing how far that phase has gone, from green to amber to red, depending on whether the phase is complete, in progress, or stalled.

Separately an “on track” score is determined for each reform deliverable. Every deliverable starts out as incomplete, and then follows a process toward finally delivering the changed environment. We assess this separately to the phase analysis, assessing whether the reform process is following the timetable set out as part of the goals and plans for the reforms. We similarly score that from green to amber to red depending on whether the reform is progressing as expected, is progressing but not on schedule, or is facing major blockages and at risk of stalling. This view is shown in the rev counter for each of the deliverables:

Some deliverables are no longer tracked and these can be seen on the heatmaps with the symbols showing a tick (✔) for those that are completed and no longer tracked, or a (⏸) sign for those that are halted, either because the reforms are no longer appropriate given the changing environment or superseded by other reforms, or because the political will to implement the reforms has been lost for other reasons. Most reforms, however, are in progress, indicated by the symbol (🔄).

To enable higher level assessment and easier navigation, reform deliverables are grouped into one or more reform areas, being a group of deliverables that together are intended to achieve a broader goal such as “stable electricity”. That may have a set of further reform areas such as “higher energy availability factor” or “pathway to electricity markets”, before you get a set of deliverables within those reform areas. The Tracker provides an aggregated view of progress for each reform area which is colour coded in the heat maps when seen at a reform area level (the image below shows the general structure of top categories, reform areas and deliverables).

Reform momentum indicator (RMI)

The reform momentum indicator (RMI) is a composite measure designed to track, quantify and compare the progress, over successive quarters, of reforms across the three broad categories: economic, governance and criminal justice. The data feeding into the RMI is drawn from a detailed assessment of reform progress in each sub-reform area, such as electricity, freight logistics, financial sector reforms (under economic); SOE governance reform and public services (under governance); and institutional reform or judicial system changes (under criminal justice).

For each reporting period, progress is assessed and scored in four phases: agenda, plan, actions, effectiveness. This results in an index that reflects the overall phase position of all reforms. For example, a reading of 50 implies that, on average, the reforms have completed the first two of the four phases. The RMI assesses the aggregate rate of change of all the individual reform areas in any one quarter. For example, a 5% reading indicates that in aggregate all reform areas in that category moved forward by five percentage points on a pathway to 100% complete. The index incorporates reforms that enter the Tracker and exit the Tracker over time.

Each sub-reform area's score is assessed at least once a quarter. Only like-for-like comparisons are made, so new reforms that are introduced in one quarter are only incorporated into the RMI in the subsequent quarter.

Economic reforms carry the largest weight in the composite index at 70%, governance accounts for 13% while criminal justice represents 17%. These weighted reform scores combine to produce the overall phase scores for both the main reform areas as well as for the sub-reform areas. The graph plots the overall RMI and the top categories, reflecting the quarter-on-quarter growth in the overall index.

The RMI chart plots the change in momentum across the main reform areas, revealing acceleration phases (September-November 2024) and slowdowns (December 2024-February 2025), which can indicate either bottlenecks or consolidation periods in implementation.

The RMI provides a view of the trajectory of reform progress. The phased-growth patterns evident in the graphs highlight that reform implementation often progresses in bursts, influenced by policy cycles, political will and overcoming operational bottlenecks.

The RMI's methodology ensures that the headline number is not just a static performance rating but a living measure of reform vitality, helping stakeholders understand both the depth and the direction of change. This representation empowers policymakers and stakeholders alike with both the "what" (the degree of progress) and the "how" (the actuality and sustainability of reform momentum). Such analysis provides clarity in areas where further action is needed and where sustainable gains have been made.

How we calculate the rebased progress index

The problem

Each quarter, we track a set of reform deliverables and score each one on how close it is to completion (0-100%). To understand whether reform progress is improving, we need to compare average scores from one quarter to the next. But the list of deliverables isn't static. New reforms get added over time – for example, 160 deliverables were tracked from March 2024 to May 2025, but by June 2025 the list had grown to 238.

New deliverables typically start with lower scores because they're earlier in their lifecycle.

If we simply averaged all deliverables each quarter, the overall score would drop whenever new items were added – not because progress stalled, but because we changed what we were measuring. This makes it impossible to tell real progress apart from changes in scope.

Solution

We use a technique called chain-linking (the same method used in retail same-store-sales analysis and inflation indices). The principle is simple: When comparing one quarter to the next, only count deliverables that existed in both quarters. Here's how it works step by step:

1. Start with Quarter 1. Take the average score of all deliverables present – this becomes our baseline (eg, 56.4%).
2. Move to Quarter 2. Identify the deliverables that exist in both Q1 and Q2 (the "common set"). Calculate the average score of this common set in Q1 and again in Q2. The ratio between them tells us the true rate of progress – unaffected by any additions or removals.
3. Update the index. Multiply the previous quarter's index value by that ratio to get the new value.
4. Repeat for each subsequent quarter.

A worked example

Method	Q1	Q2	Interpretation
Simple average (all deliverables)	50%	46.90%	Looks like regression
Chain-linked (common set only)	50%	55%	Shows real progress

The simple average is dragged down by the new low-scoring items. The chain-linked index correctly shows that existing reforms advanced by 10%.

What the numbers mean

Each value in the index represents relative progress from the starting period. The base quarter (Mar-May 2024) is anchored at the actual average completion score of deliverables present at that time. Subsequent values show how much progress has been made on a like-for-like basis relative to that starting point.

Because the index is chain-linked from the base period average, it can exceed 100 as reforms advance. A value above 100 does not mean all reforms are complete – it means the like-for-like average has risen above the base period level. The index should be read as a measure of relative progress over time, not as a percentage toward completion.

Where this is applied

The index is calculated at three levels of the reform hierarchy:

- Reform type (economic, criminal justice, governance)
- Reform area (eg, electricity, freight logistics, FATF)
- Individual reform (eg, pathway to electricity markets, transmission reform)

At every level, the same like-for-like principle applies: each quarter's change reflects only genuine progress among items that were measured in both periods.

Survey

In the previous Quarterly Review, we published the results of our first survey of BLSA members, gauging their assessment of reform progress overall and within their specific industries. The BLSA Tracker team conducts that survey every second quarter and findings from the April-June 2026 survey will be published in the next Quarterly Review.

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