A NEW ERA FOR INFRASTRUCTURE: UNDERSTANDING SOUTH AFRICA'S PPP REFORMS

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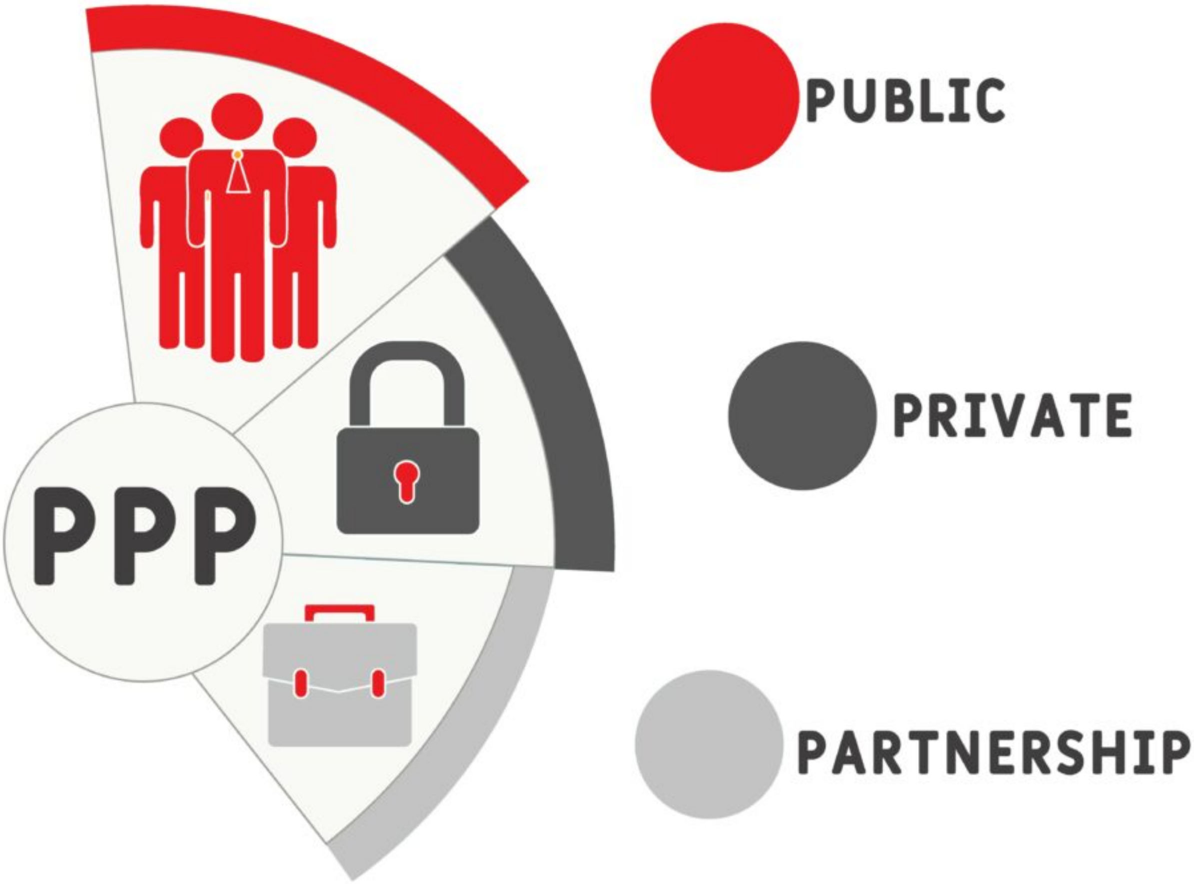

On 1 June 2026, revised Public-Private Partnership ("**PPP**") regulations officially came into effect, marking one of the most significant changes to South Africa's infrastructure delivery framework in years. On paper, it is a reform of Treasury Regulation 16 under the Public Finance Management Act ("**PFMA**"). In practice, it is government's attempt to fix one of the country's biggest development headaches: why it takes so long to move from planning vital infrastructure to building it.

And if the reforms work as intended, the impact could be far-reaching – from faster delivery of roads, hospitals, office accommodation, and water systems to new opportunities for private-sector investment and job creation.

So, what's changing?

At the heart of it is a simple but important goal: make it easier, faster, and more practical for government and the private sector to work together on infrastructure projects.

For years, PPPs in South Africa have held promise, but the process has often been slow, technical, and weighed down by multiple layers of approvals. Smaller projects could get stuck in the same complex process as mega-projects, leading to delays that frustrated both public institutions and investors.

The revised framework aims to change that.

In practical terms, accounting officers can now approve certain project milestones internally, rather than relying on several rounds of National Treasury approval. That means decisions can be made faster, projects can move more quickly through the pipeline, and the gap between planning and implementation can begin to shrink.

That does not mean oversight disappears. Instead, it changes shape. The PPP Advisory Unit will continue to play a key role by providing technical guidance, strategic recommendations, and support to institutions as projects progress. In other words, the system is being designed to be faster without becoming reckless.

Why this matters now

South Africa's infrastructure backlog is no secret. Across sectors such as transport, healthcare, water, sanitation, and public facilities, projects have often been delayed by a mix of weak planning, poor project preparation, and shortages of technical expertise in government institutions.

At municipal level, the challenge is often even greater. Governance instability, financial distress, and capacity constraints have made it harder for many municipalities to deliver infrastructure at the pace communities need.

The result? A growing gap between what South Africans need and what the state has been able to provide.

That is where PPP reform comes in. Government is betting that a stronger, more efficient PPP framework can help bridge that gap by bringing in private-sector funding, innovation, technical expertise, and project management capacity to support public infrastructure delivery.

The three amendments everyone should know about

The revised PPP framework is not just about speeding up approvals. It also introduces a more structured and modern approach to how projects are financed, assessed, and proposed.

Three key features stand out:

1. Fiscal Commitments and Contingent Liabilities (FCCL)

The FCCL framework is designed to ensure that PPP projects are fiscally sustainable. Before government commits to a project, the framework helps assess the financial obligations and risks attached to it, including future commitments and contingent liabilities that may arise over time.

In short, it is there to make sure South Africa does not chase infrastructure investment at the expense of long-term financial stability. It is about balancing ambition with affordability.[1]

2. The PPP Advisory Unit

The PPP Advisory Unit is intended to strengthen the technical backbone of the system by guiding departments and institutions through project preparation, structuring, and implementation. It helps ensure that while approvals are becoming faster, project quality and accountability do not fall through the cracks.[2]

This is important in a context where many public institutions still face capacity constraints. Faster approvals only work if projects are well designed and aligned with public needs.

3. Unsolicited Proposal ("USP") guideline

The USP guideline, which took effect on 31 October 2025 alongside the FCCL guideline, creates a formal framework for handling project ideas initiated by private companies rather than government.

Historically, unsolicited bids existed in a grey area. There was no clear process, which created uncertainty and often discouraged private-sector participation. The new guideline changes that by setting out a transparent process for the submission and evaluation of unsolicited proposals.

Private entities can now pitch project concepts directly to government institutions, provided those proposals align with public interest and national development priorities. Importantly, these proposals do not bypass procurement rules. They will still have to go through a fair and competitive procurement process to protect transparency and value for money.

What does this mean going forward?

Going forward, we are likely to see a stronger push for PPP-led infrastructure in sectors such as transport, health, water, sanitation, and public facilities. Municipal PPP regulations are also being amended and are nearing finalisation, which could further expand the model at local government level once gazetted.

For the private sector, the message is equally clear: government wants more participation, more innovation, and more bankable infrastructure proposals.

For public institutions, the challenge will be to use the new flexibility wisely ensuring that faster approvals do not come at the expense of sound planning, public accountability, or affordability.

And for ordinary South Africans, the real test will be visible on the ground. Will these reforms actually translate into hospitals built sooner, roads repaired faster, water systems upgraded more efficiently, and public services delivered more reliably?

The bottom line

The revised regulations that came into effect on 1 June 2026 are designed to make PPPs faster, clearer, and more practical to implement. By simplifying approvals for smaller projects, strengthening fiscal oversight, formalising unsolicited proposals, and boosting technical support through the PPP Advisory Unit, government is trying to unlock a new era of infrastructure delivery.

There is still a long road ahead. Regulation alone cannot solve weak governance, capacity shortages, or financial distress in parts of the public sector. But it can remove barriers that have slowed down progress for years.

If the new PPP framework is implemented effectively, it could become one of the most important tools in rebuilding South Africa's infrastructure pipeline and in turning delayed plans into real projects that people can see, use, and benefit from.

In short: PPPs are not just the new way of doing infrastructure. They may be the way South Africa gets moving again.

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[1] Amended Treasury Regulations under Public Finance Management Act, 1999

[2]Amended Treasury Regulations under Public Finance Management Act, 1999