

Political research note

An independent analyst's view



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Project Vulindlela

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From a developmental state to a partnership state?

On a recent roadshow around the country, I asked business audiences about Project Vulindlela. To my surprise, very few had heard of it. That is astonishing but also perturbing: it is South Africa's most significant economic reform initiative since the launch of GEAR in 1996.

Over the years, we have seen many economic plans — ASGISA, the New Growth Path, the 9-point plan, even the National Development Plan and recently the ANC's 10-point plan — but none have advanced as far with actual implementation as Vulindlela.

From 'rogue' document to core policy

In October 2019, then-Finance Minister Tito Mboweni released a National Treasury discussion paper on economic reforms. It caused a political storm. Critics said 'Treasury has gone rogue', accusing it of pandering to free-market and neoliberal ideology.

A month later, Mboweni apologised to the ANC's National Executive Committee for publishing it before the internal debate had taken place. (He clearly believed it's sometimes better to apologise afterwards than ask permission beforehand.)

Then came Covid-19 in 2020, and the country closed down. In October 2020, the government adopted the new Economic Reconstruction and Recovery Plan (ERRP), and at its heart was the same Treasury document that had once been dismissed as 'rogue'.

To drive implementation, a joint team from the Presidency and Treasury was established: Project Vulindlela, which translates to 'to open up' or 'make way' in isiZulu. A unit in the Presidency drives the project. Vulindlela is now run by a project team housed in the Presidency and is a programme of the GNU.

The focus areas

Vulindlela targeted 5 structural bottlenecks:

- 1 Electricity.
- 2 Spectrum release and digital communication.
- 3 Water.
- 4 Freight transport (rail and ports).
- 5 Visas and skilled migration.

In each, Vulindlela sought to 'open up' closed state-run systems, introduce competition where applicable, and accelerate growth.

Electricity: Breaking the monopoly

When Vulindlela began, load-shedding was at its worst. Load-shedding has been addressed, but it has sparked more fundamental reform. Eskom, a vertically integrated monopoly, dominated every stage of generation and supply. Reform meant breaking that model — opening the market to independent producers and deregulating power sales.

The change has been profound. New laws, regulations and market structures now allow companies to generate and trade electricity freely. It is, of course, a journey, and predictably Eskom resists losing old privileges, but the train has left the station.

A smelter in Richards Bay can now buy 70 % of its power from a wind-and-solar producer in the Western Cape transmitting clean energy across the grid at roughly 70 % of Eskom's price. Even coal companies like Glencore are signing renewable energy supply deals to power their coal mining operations with renewable energy — a powerful symbol of the transition.

The electricity minister understands the reforms and is unlikely to let momentum fade. The once-unthinkable shift from monopoly to market is well underway. The next frontier of electricity problems is distribution or local government delivery. It will spark further reforms.

Digital spectrum: Finally released

For a decade, South Africa's telecoms sector was stuck. Political and then legal wrangles blocked the release of the new radio spectrum needed for 4G and 5G. Through Vulindlela's coordination, the deadlock ended.

In March 2022, the spectrum auction finally took place, earning the state R14.5 billion. Telcos are now making big investments to expand 5G coverage nationwide. A 10-year logjam was cleared – a textbook example of what focused reform can achieve.

Water: From neglect to renewal

Water use licensing had long been a bureaucratic nightmare. Under Vulindlela, the backlog was cleared, and the approval time was cut from 300 to 90 days.

Equally important, the Blue Drop, Green Drop and No-Drop monitoring systems – scrapped during the Zuma era – were reinstated, providing an honest assessment of South Africa's deteriorating water and sanitation infrastructure. Grim as the results are, at least the problems are visible again and not swept under the carpet: what you measure you can manage.

Eleven major bulk-water projects worth over R156 billion are now underway across several provinces. The bigger challenge lies at the local government level: failing reticulation systems and unsustainable finances. Vulindlela is working with 6 metros to reduce water losses and to ringfence water and electricity accounts. Municipalities will have to keep these utilities financially separate — a decisive step towards sustainability.

Another breakthrough is to separate the water authority and water provision services of municipalities, with water service providers required to hold a licence and meet minimum service requirements; if not, their licences will be revoked. This will allow private and non-profit operators to run local water services. Municipalities remain the water authorities, setting tariffs and ensuring that poor households are protected, but operations such as billing, maintenance, and supply are then outsourced. This hybrid model promises better efficiency without abandoning public oversight.

Freight transport: Opening the rails and ports

Transnet's rail and port monopolies have strangled economic growth. Vulindlela's answer is not privatisation, but liberalisation — allowing private operators access to state infrastructure.

Eleven freight corridors were opened for private bidding. From about 50 applications, 25 preferred bidders have been selected and are now negotiating contracts with Transnet. The transport minister would like to see at least 2 agreements finalised before year-end. Private participation will lead to new investment, enhanced maintenance, and improved performance.

At the ports, similar reforms are underway. Private bidders are competing to manage terminals, notably in Durban, as well as in other locations, particularly LNG terminals. Last week, the High Court cleared the way for the concessioning of the Durban port to proceed. The process marks a fundamental shift from a closed, state-run model to a mixed public-private system.

Visas and skilled migration

South Africa's outdated visa regime has long blocked both tourists and skilled professionals. Reform aims to make it easier for investors, experts, and visitors to enter the country. The Minister of Home Affairs has taken decisive steps to modernise visa regulations and digital processing.

The work is ongoing, but long-overdue progress is certainly visible.

From a developmental state to a partnership state

Across all these areas, excluding visas, the underlying principle remains the same: transitioning from closed, underperforming state monopolies to open, competitive systems that attract private capital, expertise, and efficiency. It will both enhance productivity and investment.

Yes, these changes were forced by crisis – Eskom's collapse, Transnet's inefficiency, municipal failures – but the key point is that **action is being taken**. Tangible outcomes can be seen – deregulated power markets, faster spectrum rollout, open rail corridors, and modernised water governance.

Furthermore, sectors that were once controlled by the state are now welcoming private partners. With greater cooperation between the government and private sectors, we are transitioning from a developmental state to a partnership state.

Political continuity: Vulindlela 2

Although the previous administration initiated Vulindlela, it was subsequently endorsed by the parties that formed the GNU, particularly the DA. The GNU has now launched Vulindlela 2, continuing reforms in electricity, logistics, visas, and water while adding 3 new fronts:

- 1 Local government reform
- 2 Spatial development
- 3 Digital transformation

Vulindlela 2 identifies 30 concrete objectives to be achieved over the GNU's term, each of which is tracked to ensure delivery. This focus on execution is what sets Vulindlela apart from previous policy exercises.

The growth dividend

The Bureau for Economic Research at Stellenbosch University modelled the potential impact of Vulindlela reforms when fully implemented. It found that South Africa's long-term growth rate could increase from approximately 1% per year to 3% or even 3.5%. That may sound modest, but compounded over time, it transforms the economy and, importantly, catapults economic growth higher than population growth.

Higher growth lifts productivity, investment, and employment. And that is the only sustainable way to tackle our 'triple curse' of poverty, unemployment, and inequality.

The arithmetic is unforgiving: If the population grows at 1.3% a year while the economy grows at 1%, unemployment inevitably rises. To reverse that, growth must exceed population growth — and that is precisely what Vulindlela reforms can enable.

So What?

- Vulindlela matters because its focus is on delivery. It is not another policy paper; it is about execution and accountability.
- Understanding its scope and milestones can build confidence.
- The reforms are a journey, but they have started working. Step by step, South Africa is opening its economy, modernising infrastructure, and rebuilding credibility.
- If these reforms are sustained, they will not only stabilise the country but also unlock the growth and opportunity South Africans have waited far too long to see.
- A side effect from the implementation of Vulindlela is that South Africa is tentatively moving from a developmental state to a partnership state.

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