



South Africa's Strategic Integrated Projects: From Infrastructure Ambition to Development Impact

1. Introduction

The Strategic Integrated Projects (SIPs) approach to major public infrastructure development emerged partly from the recognition that South Africa's infrastructure system had become fragmented across departments, spheres of government and public entities. The intention was to identify projects that could make a substantial contribution to economic development, social development and spatial transformation and then provide mechanisms for co-ordinating the approvals and institutions necessary for implementation. The early SIPs, initiated in 2012, were therefore not simply a list of construction projects; they represented an attempt to change the way infrastructure was planned and delivered. (See CPLO Briefing Paper #504 for details regarding the initial SIPs.¹)

Since the launch of the initial SIPs the estimated capital value has increased from approximately R340 billion in 2020 to more than R1.67 trillion in 2026. There are now 195 projects across priority sectors, with both public and private-sector participation.² Of these, 32 projects valued at approximately R48 billion have been completed, while 55 projects valued at more than R407 billion are under construction.

These figures point to an important transition. The central issue is increasingly not whether South Africa has identified infrastructure needs, but whether it can convert a very large infrastructure pipeline into investment, construction, completed assets and sustained economic and social benefits. It is for this reason that Infrastructure South Africa (ISA), a body located in the Office of the President, developed its Construction Book to provide an immediate picture of projects that are funded

and expected to enter procurement.

This briefing paper examines the evolution and current scale of the SIP programme, and the significance of the Construction Book.

2. SIPs Evolution

President Cyril Ramaphosa has emphasised the distinction between a project that is 'needed' and a project that is 'ready'.³ This distinction helps explain the evolution of ISA's role from providing oversight for infrastructure funds and creating innovative funding instruments to one which increasingly encompasses project preparation, regulatory co-ordination, investment facilitation and the development of a more predictable infrastructure pipeline. The change is significant. Infrastructure policy is moving from an emphasis on identifying projects towards building a system in which projects can progress through a sequence of preparation, financing, procurement, construction and operation.

The 2026 SIPs portfolio provides an indication of the scale of this transformation. There has been a significant increase in the estimated capital value – from approximately R340 billion in 2020 to more than R1.67 trillion in 2026, as well as an increase in projects (195). However, this growth also demonstrates a weakness in the SIPs – of the 195 projects, only 32 have been completed. On the one hand, SIPs can move projects towards physical implementation, but on the other, the difference between the total portfolio value and the value of completed projects illustrates the distance still separating infrastructure plans from infrastructure assets in operation.

The SIPs illustrate that a large pipeline can indicate substantial future investment, but it can

also conceal delays and institutional bottlenecks if projects remain in preparation for extended periods. It is for this reason that the Construction Book was introduced to measure progress of projects as they move through successive stages of development.

3. From Strategy to Construction Pipeline

The Construction Book has become an important component of the evolving infrastructure system. In its 2025/2026 edition ISA describes it as “a transparent national overview of funded construction pipeline projects expected to be issued for construction tenders within the following 18 months”.⁴ It is intended to provide industry with greater visibility of forthcoming procurement opportunities.

The SIPs and the Construction Book approach projects differently. While SIPs ask what infrastructure projects South Africa regards as strategically important, the Construction Book is concerned with which funded projects are expected to move towards procurement and construction.

There are more than 180 projects (these are all funded projects that are expected to enter the procurement, tendering, or active construction phase within the next 12 to 18 months) in the 2025/2026 edition. The estimated value of these projects exceeds R268 billion. The intention of the publication is to provide contractors, consultants, manufacturers and suppliers with advance information about infrastructure demand. In this sense, it is not only an administrative document, but also an instrument of economic co-ordination. The Construction Book can reduce uncertainty within the construction industry because companies can plan investment, skills, equipment and supply chains with greater knowledge of the projects likely to enter procurement. The 2025/2026 edition also expands beyond the traditional focus on transport, energy and water, to include social infrastructure and other public assets. This broadening is significant because it reflects a more comprehensive understanding of infrastructure as both an economic and a social resource.

4. Financing Infrastructure

The scale of the infrastructure programme means that government cannot depend exclusively on traditional budget financing.

South Africa is therefore increasingly combining public-sector capital expenditure, development-finance institutions, infrastructure funds, infrastructure bonds, commercial finance and private investment.

4.1. The Budget Facility for Infrastructure (BFI)

National Treasury allocates money to departments, provinces, municipalities and state-owned entities for infrastructure and uses the BFI to evaluate projects worth over R1 billion for feasibility, viability and cost-effectiveness. To date, five major projects with a combined value of R21.9 billion have been approved through prior BFI cycles. These include Transnet’s coal and iron-ore freight corridors and the Polokwane integrated wastewater management programme. Each approved project generates a procurement pipeline – construction contracts, subcontracting packages, equipment supply, and ongoing facilities management – that flows into the government tender system.⁵

4.2. Government Borrowing

In December 2025, National Treasury issued South Africa’s first sovereign Infrastructure and Development Finance Bond, raising R11.795 billion. The proceeds are earmarked for infrastructure projects approved through the BFI, and the funds are channelled through the Infrastructure Fund, which is administered by the Development Bank of Southern Africa (DBSA).

4.3. The Infrastructure Fund

The Infrastructure Fund was established in 2020 through a partnership between national Treasury, ISA, and the DBSA. The DBSA was given responsibility for establishing and managing the Fund. It is now incorporated into the Infrastructure Finance and Implementation Support Agency (IFISA) Programme Office.⁶ In simple terms, it is a government-backed blended-finance mechanism designed to use public money to attract substantially more private and development-finance capital into infrastructure projects. Blended finance, in this instance, means that if, for example, a project costs R10 billion, government could fund R2 billion while the rest comes from commercial banks, private investors, etc. A good example of this is the City of Johannesburg’s Alternative Waste Treatment

Technology project, which had an estimated value of R5.7 billion.⁷ In 2025, the Infrastructure Fund secured a R550 million grant from Invest International to support the project. It is being implemented through a partnership involving the Infrastructure Fund, the City of Johannesburg and private-sector participants. The Presidency reported in 2025 that approximately 26 blended-finance projects with a capital value of about R102 billion had been packaged through the fund.⁸

4.4. Public-Private Partnerships

PPPs are becoming increasingly important for projects where government wants the private sector to finance, build, operate or maintain infrastructure. According to the 2026 Medium-Term Budget Policy Statement (MTBPS), there are 68 projects currently in the PPP pipeline, of which 31 are municipal projects.⁹ These include, among others:¹⁰

- The **redevelopment of six inland border posts** with private partners responsible for designing, building, financing and operating the infrastructure. The estimated investment is R12.5 billion.
- A **new private concessionaire** to operate the Gautrain. The estimated value is R18.4 billion.
- A **new 893-bed tertiary/quaternary hospital (Tygerberg Tertiary Hospital)** in the Western Cape that will serve the eastern metropolitan area and support medical education and training.
- The **Lanseria Wastewater Treatment**

Works project which involves developing a 50 Ml/day module, ultimately forming part of a programme designed to provide approximately 150 Ml/day of wastewater treatment capacity. The estimated investment is R3.454 billion, with the PPP feasibility study underway.

5. Conclusion

Infrastructure is ultimately about more than economic growth. Water, electricity, transport, housing, schools, clinics and sanitation are conditions that enable people to participate in economic and social life. A functioning water system protects health and dignity. Reliable electricity enables households and businesses to function. Public transport determines whether people can reach employment and education. Roads connect communities to markets and public services. Infrastructure therefore affects the distribution of opportunities.

South Africa has demonstrated that it can develop a large infrastructure pipeline through initiatives like SIPs and the Construction Book. The significance of initiatives such as these extends beyond their monetary value – infrastructure investment contributes to a society in which economic opportunity and access to essential services are more broadly shared.

The emerging challenge is to ensure that this pipeline consistently produces completed, functioning and sustainable infrastructure that expands economic opportunity, improves public services and contributes to a more inclusive society.

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¹ Kenny Pasensie (2020): *A New Kind of Deal*. Available online at <https://tinyurl.com/mryddu2w>

² The Presidency (2026): Keynote address by President Cyril Ramaphosa at the 2026 Sustainable Infrastructure Development Symposium of South Africa. Available online at <https://tinyurl.com/yru2r4w6>

³ *Ibid*

⁴ Infrastructure South Africa (2025): *Construction Book: Projects 2025*. Available online at <https://tinyurl.com/ykx9rbdv>

⁵ Sourcefin (2026): *Budget Facility for Infrastructure South Africa: Smart Guide*. Available online at <https://tinyurl.com/45nnrc36>

⁶ Government of South Africa (2020): *Treasury signs Infrastructure Fund Memorandum of Agreement*. Available online at <https://tinyurl.com/5ekm8tvj>

⁷ DBSA (2025): *Catalysing suitable waste management and clean energy generation through blended finance partnership*. Available online at <https://tinyurl.com/3ak4r2rz>

⁸ The Presidency (2025): Address by President Cyril Ramaphosa at the 2025 Sustainable Infrastructure Development Symposium of South Africa. Available online at <https://tinyurl.com/mv68bzba>

⁹ Government of South Africa (2026): *Medium-Term Budget Policy Statement 2026*. Available online at <https://tinyurl.com/525h4bd7>

¹⁰ National Treasury (2026): *National Budget Review Document*. Available online at <https://tinyurl.com/4df9nzeu>

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