



Government Trends 2026

**Building Africa's Technology
and Partnership Capabilities**

September 2026



Across the Deloitte Government Trends 2026¹ global data, a consistent theme emerged: the fundamentals of government are being reshaped in a world of changing partnerships and emerging technologies.

Public service delivery is shifting towards increasingly personalised, responsive experiences; regulation is moving away from fixed rulebooks towards more flexible, outcomes-focused approaches; procurement is being simplified and accelerated to prioritise speed and clarity; and technology leadership is transitioning from a support role into a central driver of programme results. Meanwhile, governments are deliberately operating via ecosystems, altering how they partner, pool capabilities and structure work, while enhancing the human element with frameworks that pair judgement with AI-augmented capacity.

Deloitte Africa's perspective is that the continent's public sector is witnessing the convergence of two dynamics: the roll-out of AI and cloud capabilities, and the maturation of public-private partnership (PPP) models and blended finance. Together, these two factors are shifting the governance and infrastructure landscape across Africa.

The strategic intent is clear: governments increasingly view AI as both an economic multiplier and a governance tool. Yet intent often outpaces capacity. Many countries have articulated AI or cloud policies, but most lack the digital foundations required to host sovereign, scalable systems: local cloud and data-centre capacity, ubiquitous connectivity, dependable energy, interoperable digital public infrastructure (DPI) and robust data governance.

However, closing these gaps requires capital, technical skills and better project preparation – precisely the domains where PPP units and blended finance can trigger progress. Institutional solutions that professionalise procurement and pipeline management make projects bankable, while structured guarantees and donor-backed instruments reframe risk in ways that attract private capital without overburdening sovereign balance sheets. For digital infrastructure – data centres, fibre and renewable energy dedicated to high-performance computing – these financing and procurement models are the enabling mechanisms needed in Africa's unique macroeconomic climate.

Governments that lead with orchestration – establishing a central AI authority, creating shared centres of excellence, and embedding AI governance into enterprise risk and procurement processes – can create the conditions for private investors to commit. Concurrently, PPP development, through standardised contracts, publishing pipeline readiness stages, underwriting early-stage risk and securing calibrated credit enhancement rather than open sovereign guarantees can unlock longer-term private investment into all infrastructure, digital and otherwise.

This report sets out how African governments can align policy, institutions and finance to build resilient, sovereign digital ecosystems. The choice is not between state and market. Rather, it is about how the two cooperate to secure public value.

¹ 2026 Government Trends | Deloitte Insights

From Taboo to Toolbox

How PSP/PPP Units and Blended Finance are making African infrastructure bankable

Across Africa, there has been a significant shift in the mindset of government officials around public-private partnerships (PPPs) – especially in the infrastructural development context². Allowing private sector stakeholders to assist government entities was previously considered taboo, or at least was highly scrutinised, often viewed suspiciously as a surreptitious form of privatisation³ – even until recently. The times are clearly changing.

In Kenya, KES 17.7 billion in private capital was mobilised in private capital for infrastructure in FY24/25⁴.



Nigeria recently exported its customs modernisation model to an estimated 50 African countries through the African Continental Free Trade Area agreement – with the government considering this a major validation of the country's PPP partnership framework.⁵



Meanwhile, the past few years have seen a marked behavioural shift among sub-Saharan African governments: private sector participation in traditionally public infrastructure services has moved from political concern to an accepted policy instrument.⁶ This transformation has been most clearly demonstrated in South Africa but is evident across multiple jurisdictions as fiscal constraints, urgent development needs and demonstrable procurement successes coincide.

Two complementary enablers have been decisive in building bankable projects: the institutionalisation of dedicated procurement and private sector participation (PSP/PPP) units that professionalise project preparation and tendering, and the development of blended-finance and structured guarantee mechanisms that reallocate and tranche risk in ways acceptable to both public balance sheets and private investors.

Despite progress, barriers remain. Governments are increasingly reluctant to provide sovereign guarantees, driving demand for alternative credit enhancement. Currency mismatch and the absence of long-dated local capital markets constrain tenor matching and create macroeconomic risk when projects are financed in hard currency against local-currency revenues; and bureaucratic delays and uneven institutional capacity lengthen development timelines and raise transaction costs.

Addressing these issues requires a multi-pronged approach: institutional reform to professionalise procurement and pipeline management; catalytic finance and guarantee instruments to bridge creditworthiness gaps without unduly increasing fiscal exposure; and targeted market development to encourage local long-dated investment and standardisation of documents and benchmarks.



² Public-Private Partnerships - ICA

³ South Africa is grappling with the public-private partnership versus the privatization decision - Welcome to the Official Magazine of the SAIFM

⁴ Kenya Mobilized KES 17.7 Billion in Private Capital for Infrastructure in FY 2024/25 – PPP Directorate

⁵ Nigeria Customs Modernisation Powers Africa's Trade

⁶ President positions SA as trusted global investment partner | SAnews

Why is the shift occurring now?

Three converging forces explain why private participation in public infrastructure is accelerating now.



First, the scale of unmet infrastructure need across transport, water and energy has made inaction materially more expensive (in terms of time and cost) than engaging the private sector.



Second, fiscal pressures following global geopolitical and macroeconomic shocks, and competing demands on sovereign balance sheets, have a seemingly reduced appetite for direct government financing of all large projects.



Third, successful competitive procurement programmes – most notably renewable energy procurement models – have created replicable, market-credible templates that reduce investor uncertainty.

Yet legislation alone is insufficient. Many countries have PPP laws or frameworks, but the decisive factor is execution capacity. Where governments have invested in project preparation, standardised contracts and transparent pipelines, bidders are willing to invest time and capital. Conversely, markets where approvals are slow, project documentation incomplete and political commitment unclear continue to struggle to attract private finance.



South Africa as a case study

South Africa is currently providing a practical illustration of how institutional design and procurement discipline unlock private capital and restore investor confidence. It began with Operation Vulindlela, established in **October 2020** as a joint initiative between the Presidency and National Treasury in South Africa to accelerate structural economic reforms.⁷

This has been followed most recently by the Department of Transport's Private Sector Participation (PSP) unit for rail and port freight logistics projects⁸. Through an agreement with the Development Bank of Southern Africa (DBSA) to become the implementing agent of the PSP unit, the department has created a single, visible centre of project origination, preparation and tendering. By centralising technical preparation, environmental and social due diligence, and standardising procurement documentation, the unit aims to reduce information asymmetry for investors and shortens time-to-market. Investors value predictable processes, defined approval corridors and the ability to underwrite a credible project pipeline; the PSP unit supplies exactly those features. Recent examples of the improved processes include the government's port, rail and pipeline custodian, Transnet, announcing it is openly seeking private sector partners to refurbish, operate and maintain South Africa's B-Network railway lines.⁹

The PSP unit appears to be a follow on from precedents set in the country's energy sector. The Independent Power Producer (IPP) office demonstrated how disciplined, competitive rounds, transparent evaluation and bankable contract terms can transform a market. The IPP programme's success created both investor familiarity with South African procurement standards and a set of procedural tools that other PPP units can adapt.

Yet another critical innovation has been the use of infrastructure guarantee facilities that provide project-level credit enhancement without requiring full sovereign guarantees.¹⁰ South Africa's efforts to accelerate infrastructure development are at the core of the country's new Blended Finance Platform for Resilient Infrastructure Program – backed by the World Bank.

The Credit Guarantee Vehicle (CGV) will likely help mobilise private capital – issuing market-based credit guarantees that will help de-risk investment in infrastructure, crowd in private capital, and reduce reliance on sovereign guarantees. According to the World Bank: "Over a ten-year period the program is expected to mobilise about \$10 billion of capital (approximately R160 billion ZAR), including capital from private investors, commercial lenders and institutional investors, generate about 997,000 direct and indirect jobs, and contribute to the reduction of greenhouse gas emissions."

Such facilities, capitalised by Development Finance Institutions (DFIs) or donor partners, can cover payment defaults, completion risks or convertibility exposure in structured ways that limit contingent liabilities for the state while improving bankability.

That said, institutional progress is not uniform. Formal PPP regulations for high-value transactions can still be cumbersome, creating disproportionate hurdles for medium-sized projects that are nonetheless critical to local economic transformation.

⁷ Summary of Operation Vulindlela | SONA 2025

⁸ Minister Barbara Creecy launches Private Sector Participation in Rail and Port Freight Logistics Projects | South African Government

⁹ Transnet seeks private partners for rail network | SAnews

¹⁰ World Bank Backs South Africa's Credit Guarantee Vehicle to Enable Infrastructure Finance and Boost Job Creation



The Cross-Africa outlook

Across sub-Saharan Africa energy generation has been the most fertile sector for private activity, driven by urgent demand, commercially viable resource endowments and active DFI support. Elsewhere, rail, ports and roads show promising pockets of private involvement, but these are typically project-by-project and dependent on bespoke risk allocation and guarantees. Countries such as Kenya, Ghana¹¹ and Nigeria demonstrate that where governments pair clear policy intent – ideally with DFI-backed project preparation and credible procurement design – private participation follows.

However, in many other markets enabling legislation exists without corresponding implementation capacity – such as in the energy sector¹² – leaving projects stuck in prolonged development phases. Regional transferability of the South African model is therefore feasible but contingent on local fiscal realities, political considerations and market size.

A persistent constraint across the continent is the lack of pan-African benchmarking and standardised datasets. Comparative metrics on project timelines, guarantee usage, currency and tenor structures are scarce, which impedes cross-jurisdictional learning and the emergence of market norms that reduce transaction costs.



Key barriers to bankability

Guarantees and fiscal appetite have entered a new phase. Governments are increasingly cautious about issuing open sovereign guarantees that create contingent liabilities. This prudent fiscal stance improves sovereign balance-sheet resilience but simultaneously raises perceived counterparty risk among private investors, especially for revenue-backed projects without firm offtake. The market is responding with structured guarantee vehicles and risk-sharing mechanisms, but these require capital and coordination and remain in varying stages of development.

Currency mismatch and tenor are structural challenges.¹³ Most institutional investors prefer hard currency and long tenors, while infrastructure projects typically generate local-currency revenues and require extended repayment profiles.

Where deals are financed in US Dollars against local-currency cashflows, the risk of currency mismatch and the effective dollarisation of liabilities create macroeconomic vulnerabilities.

The absence of long-dated domestic capital markets exacerbates this issue and constrains the ability to match asset-liability profiles.

Institutional capacity and bureaucratic processes also slow transaction timelines. Many governments lack the dedicated teams required for complex project development and procurement, resulting in protracted approval processes, frequent scope changes and higher bid costs. The outcome is a shortage of "bankable" projects rather than limited investible capital.

Finally, limited standardisation and absence of benchmarking means each transaction often re-invents contractual and financial structures. The lack of model contracts, transparent procurement timelines and public project pipelines increases uncertainty and reduces investor appetite.

¹¹ Parliament approves 20-year concession for nationwide electronic road tolling

¹² Public-Private Partnerships in the African Energy Sector - Center on Global Energy Policy at Columbia University SIPA | CGEP

¹³ Beyond Project Risk; Capital and Currency Mismatch - The Real Risk in African Infrastructure - Businessday NG



Innovative financing and contracting approaches

A set of finance and contracting innovations are emerging to address these constraints. Blended finance models layer concessional DFI or grant funding with commercial capital to improve risk-return profiles and absorb first loss, making projects attractive to mainstream investors without unduly exposing public funds. Structured guarantee vehicles, including pooled infrastructure guarantee facilities, such as the aforementioned CGV, can provide partial cover – for completion, payment or convertibility – without sovereign exposure, when capitalised by DFIs and donors.

In the energy sector, once again, merchant and hybrid offtake models are being explored where long-term offtake agreements are unavailable¹⁴. However, merchant plants combined with hedging or PPA-backstop (Power Purchase Agreement) facilities require sophisticated structuring but can enable projects that would otherwise not proceed.

Meanwhile, model contracts, standardised procurement timelines and transparent, staged pipelines reduce bid costs and compress time to financial close. Centralised PSP/PPP units are uniquely positioned to institutionalise these process innovations and act as a single interface for investors – thereby reducing negotiation complexity on a per-deal basis.

Yet among all the recommendations, there is an important role for advisory firms, including Deloitte Africa: to support government clients and financiers across the project lifecycle. Designing and implementing PSP units, structuring blended finance and guarantee vehicles, packaging projects to investment-ready status and building procurement and contract management capacity.

Recommendations

Governments and state-owned enterprises:

- Establish and fully empower PSP/PPP units (adequate staffing, technical expertise, procurement authority and ring-fenced budget) to prepare, standardise and publish a multi-year pipeline of projects at defined readiness stages.
- Adopt standardised procurement documents and model contracts and commit to predictable procurement calendars to reduce bid uncertainty and transaction costs.
- Use calibrated, project-level credit enhancement (partial risk guarantees, payment/convertibility facilities) rather than open sovereign guarantees whenever feasible; clearly define contingent liability treatment and budgetary approval processes.
- Prioritise projects with hard economic returns and clearer revenue models (e.g. ports with throughput fees, toll roads with concessionaire revenue) to build a track record before attempting politically sensitive or high-contingent projects.

¹⁴ First merchant solar plant enters South African Power Pool trading - pv magazine Global

Private investors and commercial banks

- ▶ Engage early in project development through competitive dialogue or early-stage participation to shape bankable risk allocation; be prepared to accept layered structures with differentiated tranches.
- ▶ Develop local currency financing capabilities or partner with DFIs to access hedging solutions; assess hybrid offtake structures where conventional PPAs are unavailable.
- ▶ Support domestic capital market development by structuring investment products that are accessible to local institutional investors and that help build track records for long-dated infrastructure securities.

As the PPP infrastructure pipeline continues to grow across the continent, governments are recognising that private capital, when coupled with strong procurement institutions and smart credit-enhancement structures, is indispensable to closing the infrastructure gap. Scaling the lessons we've seen developed across the continent will require deliberate institution building, catalytic finance, standardisation and a focus on building local capital markets. For governments, DFIs, investors and advisers, there are clear lines to prioritise: developing bankable pipelines, going beyond legislative frameworks, and using blended finance and structured guarantees to manage political constraints and improve market expectations.



AI and cloud implementation: Building Africa's AI-Ready Infrastructure

Artificial intelligence is rapidly reshaping public administration, economic strategy and service delivery globally. A recent report¹⁵ by the Organisation for Economic Co-Operation and Development (OECD) on AI's role in core government functions revealed that governments across the world are using the technology to automate and tailor public services while improving decision-making and detecting fraud.

However, the organisation's most recent research¹⁶ into AI Governance and implementation in Africa was a stark contrast to the previous report. While several country-specific AI strategies, and the African Union's Continental AI Strategy, have been important steps in developing AI governance across the continent, most African nations do not have national AI strategies. Meanwhile, those that have developed them "face common challenges in operationalising policy objectives and translating them into effective governance and implementation".

Despite the fact that many African countries simply do not have the same digital infrastructure, connectivity and advanced compute power of their Global North peers, across the continent, governments are increasingly recognising AI as both an economic opportunity and a governance challenge. Several countries – South Africa among the most advanced – have published national AI and cloud policy frameworks, signalling intent to attract investment and harness digital technologies for development.

The urgent priorities are not solely model deployment but the deliberate construction of digital foundations: reliable cloud and data-centre capacity, ubiquitous connectivity, dependable energy, robust data governance and sustainable human capital programmes.¹⁷ Without those foundations, AI initiatives risk being fragmented, inefficient and dependent on foreign platforms that may not align with national priorities or data-sovereignty requirements.

The current landscape: strategic intent, operational gaps

Across Africa the policy conversation has matured quickly in the last two years. South Africa's National Policy on Data and Cloud (2024) and its National AI Policy Framework (2024) exemplify the shift to formal strategy. Yet many countries remain without comprehensive AI governance instruments, and even where policies exist, implementation details are often missing.

This matters because AI is not an isolated technology. It is a capability layer that depends on underlying cloud infrastructure, data quality, high-performance computing, secure identity systems and reliable energy. Where these foundations are weak, governments tend to run isolated pilots that do not scale; ministries duplicate effort and invest independently; citizen data may be routed through international platforms that create sovereignty and privacy concerns; and private investors dither on whether to commit capital in the face of regulatory and infrastructure uncertainty.

¹⁵ Full Report: Governing with Artificial Intelligence | OECD

¹⁶ AI governance in Africa

¹⁷ Africa's Digital Infrastructure Imperative | Carnegie Endowment for International Peace

Infrastructure that enables sovereign, scalable AI

Digital infrastructure remains a persistent, evolving policy priority. Therefore, we propose five foundational categories to determine whether a jurisdiction can host and benefit from AI at scale: cloud and data-centre capacity, broadband and connectivity, Digital Public Infrastructure (DPI), energy reliability and security/interoperability standards.



Cloud and data centres:

Hyperscale cloud providers and regional hosting options are expanding their footprints in Africa¹⁸, but major gaps remain. Local availability zones reduce latency and cost and facilitate compliance with data-residency rules; they also create local markets for value-added services and skills. Governments should delineate what types of data must remain local and where cross-border flows are permissible, but policy cannot substitute for capacity. Investment in local data centres and partnerships with reputable providers is essential.



Connectivity:

Many government use cases for AI (from citizen service chatbots to national health analytics) are bottlenecked by uneven broadband. Urban-rural digital divides mean that AI solutions designed for metros will not deliver equitable national benefits. Investments in last-mile connectivity and affordable access must sit alongside AI strategies.



Digital Public Infrastructure:

Based on its three technological pillars, Digital Identity, Digital Payments and Data Exchange, Digital Public infrastructure has been lauded as key to the unlocking service delivery.¹⁹ With the right foundations, identity can be verified in seconds, records can be consensually retrieved and payments can be made instantly. As governments explore how to use AI to improve service delivery across a range of citizen-centric services, the principles of DPI can be used to create a foundation for safer, and more locally inclusive AI. Conversely, DPI can develop further by taking lessons from emerging technologies, meaning developing AI-compatible DPI frameworks that ensure ethical, transparent and equitable AI deployment in public services.²⁰



Energy:

Data centres and AI workloads are electrically intensive. Investors repeatedly cite unreliable power as the first disqualifier for projects. Practical measures include facilitating faster approvals for renewable projects, establishing dedicated energy capacity for digital infrastructure, and enabling green power purchase agreements that make long-term energy supply commitments credible.



Security and interoperability:

Cybersecurity, identity frameworks and common data-exchange standards build trust. Governments should prioritise identity systems, secure APIs (Application Programming Interfaces) and interoperable digital public infrastructure so AI applications can integrate data safely across agencies.

Each of these categories require deliberate policy and will likely require at least some level of public-private partnership coordination to fully stabilise.

Policy must also accomplish two complementary goals: provide certainty to investors and protect citizens' rights and safety.

¹⁸ <https://datacentre.solutions/blogs/6442-unlocking-africas-digital-infrastructure-future-are-data-centre-developments-the-key>

¹⁹ AI needs digital public infrastructure for citizen services | World Economic Forum

²⁰ Digital public infrastructure is key to a connected future | World Economic Forum

The role of governments in boosting AI investment

Governments can send a strong message to the investment market by becoming a major user of trusted AI solutions. When a government leads by example, businesses are more likely to invest and innovate. Many organisations are still hesitant to invest in AI because they are unsure what future regulations will look like. Therefore, clear rules around AI governance, cloud adoption, data residency, procurement, accountability, liability, and data sharing would help build the certainty needed to give businesses the confidence to invest. This is why policy is so important.

A clear 5 to 10-year digital transformation roadmap would help unlock investment in local data centres, cloud infrastructure, AI skills and startups.

Investors typically worry more about uncertainty than regulation itself. However, AI evolves quickly. Overly prescriptive rules will be obsolete within months. Many global regulators are therefore focusing on outcomes and proportionality. A risk-based approach classifies systems by impact level and applies stronger controls to high-risk applications (for example, those affecting legal rights or social welfare).

Principles such as transparency, fairness, human-centred design and security should be codified but operationalised through mandatory artefacts (model cards, data sheets), sectoral guidance and ongoing monitoring requirements.

Governments can also encourage investment through targeted incentives such as tax breaks, research and development credits, innovation grants, skills development programmes and support for AI infrastructure.

For example, South Africa could further strengthen its position by creating dedicated AI and cloud investment zones focused on data centres, cloud infrastructure, AI innovation, advanced computing and semiconductor development.

Like the approach taken recently in Uzbekistan²¹, these zones could offer faster approval processes, preferential access to electricity, reduced import duties on technology equipment and simplified licensing requirements.



Key Priorities for African Governments

Deloitte Africa's advice to its government stakeholders often reaffirms that AI success depends on three things: clear governance, strong digital infrastructure and skills development.

²¹ Uzbekistan launches tax-free zone for major AI and data centre projects to attract investors | Euronews



Establish a National AI authority

The first institutional priority should be a central AI authority or commission empowered to coordinate across ministries. Its core functions should include setting minimum standards, approving or flagging high-risk use cases, coordinating investment and capacity building and monitoring national AI readiness. This body would be the equivalent for AI of a national treasury's fiscal oversight or a technology agency's procurement role. Without a central orchestrator, ministries will pursue independent AI programmes that diverge in governance and technical standards.

Build Centres of Excellence

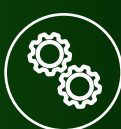
Rather than expecting every department to become an AI specialist, governments should establish shared centres of excellence. These might include a public-sector AI centre for shared services and procurement standards, an AI safety and ethics laboratory for bias testing and explainability, an AI research and innovation centre that aggregates university and industry collaboration or a data-governance centre to manage metadata standards and stewardship. Centres of excellence reduce duplication, create economies of scale for scarce expertise and serve as hubs that can support provincial and municipal deployments.



Advance skills and human capital

AI is ultimately a people challenge. National programmes must expand the supply of data scientists, data engineers, AI product managers, auditors and ethicists, while also raising AI literacy across the public service.

Skills development needs to be broad: elite technical training and practical operational skills for those who will manage, procure and audit AI systems. Governments should treat AI skills development as critical national infrastructure and design long-term human-capital roadmaps with universities, vocational institutions and industry partners.



Operationalising governance inside enterprises and agencies

Policy frameworks must be translated into operational workflows that change how public bodies make decisions. Governance must be seen as an enabler of performance rather than merely a compliance checkbox. Practical measures include mandating AI impact assessments and privacy impact assessments as part of business cases, requiring standard artefacts such as model cards and data sheets for every endorsed AI system, implementing gating mechanisms for procurement where high-risk systems need external assurance and establishing continuous monitoring for model drift, bias and security vulnerabilities.

For many public bodies, the most immediate gains will be achieved by embedding these practices into existing enterprise risk management and procurement processes rather than creating parallel bureaucratic layers.

Successful use cases: where cloud and AI are already improving government performance

There is growing global evidence that AI and cloud platforms deliver the most value when embedded within broader digital transformation programmes. In Africa, too, the most promising public-sector projects are those that combine cloud migration, data integration and targeted AI capabilities.²²



Identity and service delivery

Digital ID projects, such as the SA Department of Home Affairs' digital ID initiatives, illustrate how reliable identity combined with cloud infrastructure can underpin a range of downstream AI services – from more accurate benefit targeting to streamlined citizen interactions. When identity, authentication and secure data exchange protocols are in place, governments can safely aggregate datasets for analytics while preserving individual control.



Border and immigration management

Smart border control systems that combine biometrics, cloud-hosted identity matching and rule-based decision support improve throughput and detection of high-risk travellers while enabling centralised data governance.²³



Justice and public safety

Integrated justice platforms demonstrate how cloud platforms can host end-to-end workflows – case reporting, evidence management, prosecution and sentencing analytics – that reduce administrative friction and improve inter-agency collaboration.²⁴



Revenue and tax administration

AI-enabled analytics hosted on resilient cloud platforms are already used to improve tax compliance, detect fraud and personalise taxpayer support. These use cases provide relatively low-risk gains when combined with clear governance on data use and audit trails.²⁵

AI offers African governments a generational chance to improve services, stimulate growth and modernise public administration. Success depends not on rapid procurement but on building digital foundations, institutional capability and adaptive governance to create safe, sovereign and value-creating AI ecosystems.

Governments should sequence investments – prioritising orchestration, infrastructure and skills before large procurements – to avoid external capture of data and value or social harms that undermine trust. If done well, AI can yield better public services, new digital industries, improved resource allocation and more inclusive decisions, but this requires deliberate policy trade-offs and sustained capacity building. International cooperation and standards can provide technical assistance, funding and interoperability while allowing for local adaptation. The private sector is a necessary partner, yet partnerships must enforce data stewardship, local skills transfer, service commitments and accountability.



²² Update to our catalogue of AI public sector use cases – The Policy Innovation Lab

²³ African Nations Turn to AI, Drones to Secure Borders - Africa Defense Forum

²⁴ Integrating Technology for Efficient Justice Delivery in South Africa | Voices | Sylff Official Website | Cultivating Leaders of Tomorrow

²⁵ AI is now hunting tax cheats in South Africa

Recommendations at a glance:

- ▶ Establish a central AI authority or commission to coordinate standards, approve high-risk use cases and monitor national readiness.
- ▶ Prioritise data protection and cloud standards that balance data sovereignty with cross-border interoperability, and publish clear guidance on data residency and lawful transfers.
- ▶ Create national centres of excellence (public-sector AI, data governance, safety and ethics) to consolidate scarce expertise and provide shared services and audit capability.
- ▶ Sequence investments: focus first on reliable electricity, broadband, local data-centre capacity and HPC resources before large-scale AI procurements.
- ▶ Embed AI governance into existing enterprise risk and procurement processes; require AI impact and privacy assessments as part of all business cases.
- ▶ Design procurement frameworks that encourage local participation, knowledge transfer and enforceable accountability for model performance and fairness.
- ▶ Invest in sustained skills development across levels – from AI literacy for public servants to advanced technical training – with long-term funding and university-industry partnerships.

SIDEBAR: How AI in Government can turn city data into better services²⁶

A recent Deloitte podcast with urban policy expert, Stephen Goldsmith, argued that American cities should become “cognitive” governments by turning connected data into actionable services. The practical focus is on widening access to data across the organisation, giving frontline staff discretion to solve problems and ensuring leadership can coordinate cross-agency change. Concrete technologies discussed include IoT sensors for next-generation maintenance (anticipating broken benches, lighting faults and usage patterns), digital twins and simulations for planning and disaster response, and simple predictive tools for operational decisions such as dynamic curb and parking management.

Goldsmith emphasises low-cost, high-value applications (curb management, maintenance automation, identity-enabled services) rather than expensive, over-engineered digital twins. He recommends embedding digital infrastructure into physical projects, measuring outcomes (for example, time-to-response rather than mere response) and using controlled experiments and sandboxes to scale successful pilots. But are African cities ready for these use-cases? While readiness across the continent varies, it is possible that for the countries that have reliable connectivity and quality data governance, similar trials could be implemented. Starting with modest, high-value pilots, if paired with clear governance could be feasible. But scaling beyond pilots will require the right foundations to be built – securing stable energy, connectivity, local hosting while establishing clear data laws.

²⁶ AI in government for better citizen outcomes | Deloitte Insights



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