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Legislative Updates

THE STATE OF THE ICT SECTOR REPORT OF SOUTH AFRICA

- On 02 April, the Independent Communications Authority of South Africa (ICASA) released the State of the ICT Sector Report of South Africa 2025;
- The report provides an overview of South Africa's ICT sector, where it identified that while the sector is showing steady growth driven by increased internet penetration, mobile connectivity, and digital transformation across industries, infrastructure gaps remain a challenge in rural areas;
- The report notes that the ICT sector remains a significant contributor to South Africa's GDP, with telecommunications and digital services playing a central role. It also highlights investment trends, employment statistics, and emerging business opportunities;
- Issues such as high data costs, cybersecurity threats, and digital skills shortages are identified as barriers to sectoral growth;
- Emerging technologies such as 5G, artificial intelligence, and cloud computing are shaping the sector. The report explores how these innovations are being adopted and their potential economic impact;
- The report concludes with strategic recommendations for government, industry stakeholders, and investors to enhance digital inclusion, improve affordability, and foster sustainable sector growth;
- While the report highlights steady sectoral growth, the persistent infrastructure gaps in rural areas raise concerns about digital inequality. This suggests that policy interventions must prioritise rural connectivity to prevent further economic and social disparities;
- The evolving regulatory landscape is crucial for fostering competition, but frequent policy changes and slow implementation could create uncertainty for investors. The role of ICASA in balancing industry interests with consumer protection remains a key point of tension;
- ICT sector's positive GDP contribution indicates its importance to South Africa's economy. However, structural challenges such as monopolistic practices and high data costs could stifle competition and limit the sector's full potential. Addressing these issues requires a stronger regulatory framework and enforcement mechanisms;
- The report identifies cybersecurity risks and a shortage of digital skills as key challenges. This underscores the need for stronger national cybersecurity policies and more investment in digital literacy programs to equip the workforce with future-ready skills;
- The adoption of 5G, AI, and cloud computing signals progress, but the benefits of these innovations may be limited if affordability and accessibility issues are not addressed. Without targeted policies, technological advancements could deepen the digital divide rather than bridge it;
- While the report outlines a promising future for South Africa's ICT sector, the real challenge lies in translating recommendations into action. Policymakers, industry leaders, and investors must work collaboratively to ensure that digital inclusion and affordability are prioritised, rather than just focusing on profit-driven expansion.

INTEGRATION OF BILLS AIMED AT STABILISING COALITION GOVERNMENTS

- On 01 April, the Portfolio Committee on Cooperative Governance and Traditional Affairs resolved to integrate two Bills aimed at stabilising coalition governments at the local level;
- The Private Member's Bill by Chief Whip of the Democratic Alliance, George Michalakis seeks to clarify legal frameworks for coalitions, as they are expected to become the norm after the 2026 Local Government Elections;
- Michalakis argued that motions of no confidence are often misused by smaller parties, highlighting the need for legislative stability;
- The committee noted that the Department of COGTA has a similar Bill, raising concerns about duplication and inefficiency in public consultations;
- Committee Chair Dr. Zweli Mkhize stressed the need for alignment between the two Bills to streamline the legislative process and avoid public confusion;
- The committee resolved that Michalakis must engage with the Minister of COGTA within a month to integrate proposals, after which the Minister will update the committee on the legislation's progress to ensure it is in place before the 2026 elections;
- Aligning the two bills is crucial to prevent redundancy and ensure a streamlined legislative process, avoiding the pitfalls of duplicate efforts in public consultations;
- Consolidation of overlapping proposals would help to minimise confusion among stakeholders and the public, fostering a clearer understanding of the legislative intent and benefits.

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POLICY AND REGULATORY DECISIONS BY CABINET

- On 27 March, Cabinet released a statement outlining the policy and regulatory decisions from its meeting held on 26 March;

The South African Renewable Energy Masterplan (SAREM)

- Cabinet approved the South African Renewable Energy Masterplan (SAREM) for implementation;
- The SAREM seeks to leverage the rising demand for renewable energy and storage technologies to promote industrialisation and localisation;
- The masterplan focuses on solar and wind energy, lithium-ion, battery and vanadium-based battery storage technologies and is designed to be a living document;
- Cabinet directed that additional work be done on the Masterplan to incentivise investors to fund renewable energy supplier development and include the development of green hydrogen fuel in order to meet the international obligation of 5% blended fuel in aviation and maritime sectors by 2030;
- While the immediate focus will be on implementation, the Department of Electricity describes the master plan as a “living document”, one that will be adapted and updated to accommodate emerging technologies and sectoral priorities;
- The masterplan’s adaptability ensures that it can evolve with emerging technologies and sector priorities, such as the integration of green hydrogen for compliance with international aviation and maritime fuel blending obligations, thus positioning South Africa to stay competitive in a rapidly changing energy landscape.

Digital Transformation of Government Roadmap

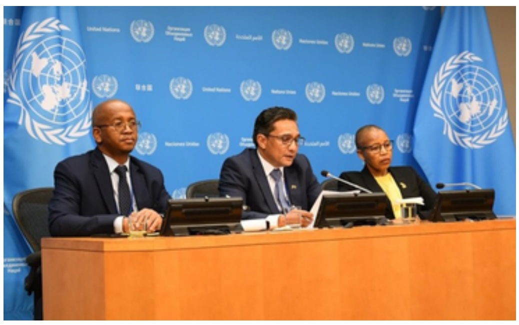
- Cabinet approved the Digital Transformation of Government Roadmap that aims to leverage technology to enhance public service delivery and government efficiency;
- Issues which are being addressed include: interdepartmental coordination, outdated systems, overlapping mandates and limited skills or capacity;
- It is designed to deliver a people-centered digital government that better understands the needs of the people, particularly vulnerable groups, by ensuring efficient and effective service delivery.

Integrated National Water Quality Management Policy & Draft South African National Water Resources Infrastructure Agency Amendment Bill

- Cabinet approved the implementation of the Integrated Water Quality Management Policy;
- The policy seeks to address water quality challenges as outlined in the 1997 White Paper on a National Water Policy for South Africa and the National Water Act;
- The policy outlines a set of principles that form the basis for water quality management;
- It provides an alignment to all the relevant water-related legislation, and the country’s global commitments to the provision and conservation of water as a scarce resource;
- Cabinet also approved the submission of the draft South African National Water Resources Infrastructure Agency Amendment (NWRIA) Bill to Parliament.
- The amendments relate to the listing of the NWRIA as a Schedule 2 state-owned company.

Government Updates

DIRCO OFFICIALS MEET US COUNTERPARTS IN WASHINGTON



- During a recent visit to the US, South Africa’s G20 Sherpa and the Director General of the Department of International Relations and Cooperation, Mr Zane Dangor held meetings with the US administration's National Security Council's Africa director, acting assistant secretary of state for African affairs, as well as treasury department representatives;
- During the meetings, the delegation advanced discussions originally initiated by the former US Ambassador Ebrahim Rasool;
- The delegation directly addressed the perception that the South African Government’s policies are designed to violate the human rights of minorities in post-apartheid South Africa;

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- Amongst the issues addressed was the matter of how the Expropriation Act's nil compensation clause is not designed to facilitate unlawful land seizures and undermine property investment
- The meetings are a positive sentiment in that the US has at least met with SA government officials after former ambassador Rasool found the going tough in efforts to engage the US government;
- DIRCO and the Presidency have consistently stated that they will use diplomatic channels to engage the US on their concerns and this may be the start of that exercise;
- Who President Ramaphosa names as the Ambassador to the US will also be critical in mending the relations between the US and South Africa.

Political Updates

GNU TENSIONS AMID BUDGET FRAMEWORK ADOPTION

- On 2 April, parliament passed the budget's fiscal framework with 194 votes in favour and 182 against;
- The budget's approval, achieved without the support of the Democratic Alliance (DA), the second-largest party in the GNU, has exposed and potentially deepened fractures within the coalition;
- The ANC managed to adopt the fiscal framework report with the help of other members of the GNU and Action SA;
- The DA voted against the budget, primarily due to the proposed Value Added Tax (VAT) increase;
- DA leader John Steenhuisen stated that the party plans to challenge the budget's legality in court, citing procedural concerns;
- The DA also signalled that this disagreement over the vat hike could mark the end of its participation in the GNU, with a decision to be made by the party's Federal Executive within 48 hrs of the budget vote;
- Should the DA exit the GNU, there will be no shortage of parties willing to take its place, with Action SA already stating that it is ready and the EFF having previously stated that it will join the GNU on the condition that the DA is not part of it;
- The DA is well aware of the consequences of leaving the door open for the EFF to join the GNU, having campaigned and joined the GNU to prevent what it termed a 'doomsday coalition';
- However, its strategy to be part of government and be an opposition at the same time has not worked out well for it;
- Should the DA decide to stay in the GNU, its bargaining power will be severely weakened in future, as the ANC will call its bluff at all times.

ANC'S NEC MEETING OUTCOMES

- On 28 to 31 March, the African National Congress (ANC) held its three-day National Executive Committee meeting at the Birchwood Hotel in Boksburg;
- The meeting, premised on reaffirming core values and advancing the National Democratic Revolution, focussed on South Africa's domestic challenges, including economic woes, infrastructure challenges, social transformation and foreign policy;
- On foreign policy, the NEC reaffirmed South Africa's non-aligned foreign policy position and commitment to a multipolar world which respects sovereignty;
- The NEC highlighted its aim to advance the developmental agenda of the Global South – particularly using the G20 Summit as an avenue to advance this agenda;
- The ANC condemned the attempts to manipulate South Africa's domestic affairs through think tanks, economic threats and political blackmail. They reaffirmed that the country's democracy cannot be dictated by external actors;
- The foreign policy positions of the ANC differ with those of its GNU partner, the Democratic Alliance (DA) – where the ANC has favoured closer associations with China, Russia and Iran whilst the DA has favoured closer relations with the West, particularly evident in the Western Cape government's city-to-city initiative with the European Union;
- The DA has called for a review of South Africa's foreign policy be held at a cabinet level, due to the government now being under one umbrella – so the ANC can no longer make unilateral decisions without the consultation of GNU partners.

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RAMAPHOSA RESPONDS TO 30% U.S. TARIFFS

- On 03 April, President Cyril Ramaphosa noted with concern the United States decision to impose a new import tariffs on South African goods;
- The new tariffs were announced by President Donald Trump at his Liberation Day speech on 02 April, which commenced with the announcement of a 10% global tariff on all imports to the United States;
- South Africa, however, has been granted a tariff rate of 30% due to being placed on the "worst offenders" list, which are the 60 countries identified as having higher trade imbalances with the United States. Other countries on this list include Japan, China, Switzerland New Zealand, amongst others;
- This follows the imposition of a 25% tariff on imports of automobile and certain automobile parts by the U.S. on all countries including South Africa and other countries who have free trade agreements with the U.S.;
- According to President Trump's analysis, South Africa has been charging 60% tariffs on U.S. goods, thus out of "kindness", Washington would cut the tariffs in half establishing reciprocity in attempt to equalise the trade imbalances;
- Products excluded from the 30% "reciprocal tariffs" include metals and minerals such as copper, zinc, gold, coal and manganese; as well as energy products such as oil and hydrogen. Pharmaceuticals such as vitamins and medication are also exempt from the tariffs;
- It is evident that the tariffs are targeting goods which are fully built-up and manufactured within the domestic country, and not goods who enter into the American market in their natural unmanufactured state – emphasising Trump's preference for localisation of goods within the American market;
- Ramaphosa noted the impact of the tariffs as being barriers to upholding a mutually beneficial trade relationship with the United States;
- The President emphasised the need to negotiate a new bilateral and mutually beneficial trade agreement with the United States to ensure long-term trade certainty given the emergence of these new tariffs;
- These tariffs on South African are of great concern – given that the United States is South Africa's second largest export destination, for goods both manufactured locally as well as those who enter into the American market in their raw form, thus a large surplus of the county's GDP is garnered through this trade partnership;
- Of particular concern is the tariff on the automotive sector which contributes highly to South Africa's export market. In 2023, the automotive sector alone made up 15% of South Africa's exports;
- Furthermore, these tariffs come as South Africa could potentially lose beneficial access to the U.S. markets through the African Growth Opportunity Act;
- The country's membership is due for renewal in September this year, whilst Washington has shown aversion towards South Africa over the country's foreign policy, "anti-American" and "anti-human rights" policies;
- It is unlikely that South Africa will retaliate by placing tariffs on the U.S. due to Ramaphosa's emphasis on strengthening trade relations between the two countries, however it will be necessary for the country to reassess the best ways to safeguard the South African economy from possible impacts of these tariffs including slower growth and a possible recession.

Africa Watch

UGANDA PARTNERS WITH UAE FIRM FOR OIL REFINERY DEAL

- On 29 March, Uganda signed a deal with United Arab Emirates (UAE)-based Alpha MBM Investments firm, granting the firm a 60% stake in the Kabaale crude oil refinery;
- This agreement marks a significant step in Uganda's efforts to develop its oil sector, attracting foreign investment to boost energy production and economic growth;
- Uganda's state-owned Uganda National Oil Company (UNOC) will retain the remaining 40% stake in the planned 60,000-barrel-per-day refinery. This will ensure adequate fuel reserves for national consumption and revenue generation, which is a cornerstone of Uganda's emerging hydrocarbons industry, playing a vital role in the country's energy strategy;
- Negotiations on key commercial terms between the Ugandan government and UAE-based Alpha MBM Investments commenced on 16 January;

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- These discussions have focused on critical aspects such as investment commitments, revenue-sharing structures, operational timelines, and regulatory compliance;
- Uganda and investors from the UAE further signed five other deals spanning various sectors, further strengthening economic ties between the two nations;
- These agreements include investments in digital land management system, and a comprehensive digital payment system for government transactions;
- Diversifying collaboration beyond oil, Uganda aims to attract capital, create jobs, and enhance economic growth in multiple sectors;
- The partnerships also highlight Uganda's growing appeal as an investment destination and could pave the way for future bilateral trade and development initiatives;
- The President of Uganda, Yoweri Museveni emphasised that Uganda must move from being a consumer economy to a producer economy, ensuring that its natural resources are processed locally to maximize economic benefits;
- This approach would strengthen the country's self-reliance, improve trade balances, and position Uganda as a key player in regional and global markets.

WORLD BANK APPROVES $632M LOAN FOR NIGERIA

- On 31 March, the World Bank approved a loan totalling $632 million to strengthen critical sectors in Nigeria, including nutrition and basic education;
- The latest approval comes after the World Bank's decision to grant a separate $500 million loan for the Community Action for Resilience and Economic Stimulus Programme (CARES);
- This financial support comes at a time when the country is grappling with mounting debt concerns, raising questions about the sustainability of its borrowing;
- The initiative is designed to bolster economic resilience by supporting livelihoods, enhancing food security, and expanding financial assistance to vulnerable populations across Nigeria;
- The loans further aim to combat malnutrition, and improve access to quality education, particularly for underserved communities;
- The $80 million of the loan is allocated to the Accelerating Nutrition Results in Nigeria 2.0 project and $552 million dedicated to the HOPE for Quality Basic Education for All program;
- The approval of these loans may reflect the World Bank's commitment to addressing Nigeria's pressing socio-economic challenges;
- However, it also comes amid growing concerns over the country's rising debt levels, sparking debates on the sustainability of external borrowing and its long-term implications for economic independence and fiscal stability;
- Thus, Nigeria must carefully balance development financing with responsible debt management to avoid long-term fiscal strain;
- Nigeria must also balance borrowing with sustainable economic reforms, improved fiscal discipline, and domestic revenue generation to avoid falling into a debt trap that could hinder its position as Africa's economic powerhouse;
- While these funds provide much-needed relief and development opportunities, they also raise concerns about long-term dependency, economic sovereignty, and the conditions attached to such financial assistance;
- Therefore, this approval also highlights the ongoing financial challenges that many African countries grapple with, often resulting in a reliance on external funding from Western institutions.

End