



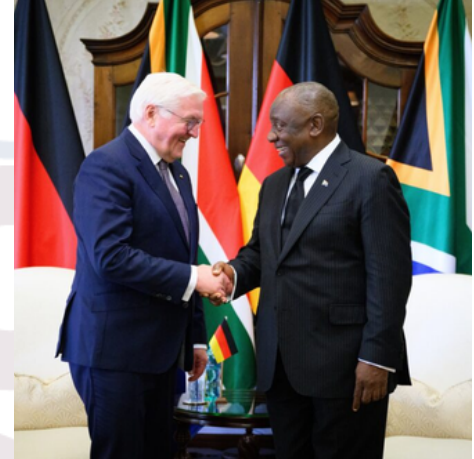
01 August 2025

WEEKLY POLITICAL AND ECONOMIC HIGHLIGHTS

Economic Updates

Germany's Loan to SA for JET

- On 28 July, German Cooperation via Kreditanstalt für Wiederaufbau (KfW) Development Bank concluded a €500 million loan to support the implementation of South Africa's Just Energy Transition Partnership (JETP);
- This loan is the third of two previous policy loans concluded in 2022 and 2023, and forms part of Germany's pledge to support South Africa's JET Partnership. Germany via KfW, has now loaned South Africa a total of €1.3 billion in public policy loans and has supported the JETP by providing technical assistance and grants;
- With a fixed interest rate of 4.31%, the loan is set to mature in 13 years with a 3-year grace period;
- This funding is meant to go towards structural improvements in the country's energy sector, set to improve efficiency and improve infrastructure sustainability.



MPC Decreases Interest Rates



- On 31 July, the SARB Monetary Policy Committee (MPC) decided to cut the repo rate by 25 basis points to 7.0% effective 1 August 2025;
- In announcing the decision, SARB Governor, Lesetja Kganyago cited the strengthened rand and moderated inflation expectations as factors considered;
- The Consumer Price Index (CPI) print showed headline inflation reached 3.0% in June, an increase from 2.8% in May, while core inflation reduced to 2.9% from 3%;
- However, low business confidence continues to impede on growth prospects in the country, even though the central bank still expects modestly higher growth in the coming years, supported by ongoing structural reforms;
- Lastly, risks that permanently higher tariffs for U.S bound exports, or adverse geopolitical developments, could cause more disruption to the global economy than we have seen so far this year, will determine the MPC's decision when it meets in September.

Government Updates

DoT Approves Loan Guarantee for Transnet

- On 25 July, the Department of Transport (DoT) announced that it approved a R94.8 billion guarantee support for state-owned enterprise (SOE), Transnet;
- The R94.8 billion guarantee support breakdown is as follows: R48.6 billion will go towards the state-owned rail and port operator's debt redemptions from 2025-2029, while R46.2 billion will go towards reducing risks of credit-ratings downgrades on Transnet's debt;



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- The move coincides with the downgraded credit rating the SOE received from international rating agencies, which expressed concern over the long-term standing of the business;
- Transnet's underperformance is attributable to a backlog of maintenance and a shortfall of equipment for rail corridors and ports, which is underpinned by underinvestment and state corruption;

- Transnet's incapacity has disproportionately affected mineral exporters- coal and iron ore producers, whose exports make up 70% of Transnet freight volumes, allude to losing billions of rands in revenue. While SA chrome exporters opted for pricier modes of transportation, such as road, which increases costs of production, demoralising suppliers;
- To boost infrastructure development, the government identified five priority rail and port corridors opened for private sector investment through reforms within the logistics sector;
- The idea is to reduce the role of the government as the sole contributor toward supporting the servicing of Transnet's debt and infrastructure.

Long term Water Supply Threatened by Municipal Debt

- On 29 July, Rand Water CEO, Sipho Mosai spoke on the long-term sustainability of water supply in South Africa;
- Making the case that there is no bulk water crisis, Mosai stated that instead, efficient, and sustained functionality of bulk water suppliers is impeded by the astronomical municipality debt, posing a threat to Rand Water's ability to function efficiently long-term;
- Municipalities owe Rand Water an aggregate of R8 billion;
- Revenue generated from municipalities plays an instrumental role in maintaining infrastructure such as pipes, pump stations, purification works, and reservoirs to store the purified water. The high debt by municipalities may not have a huge impact in the present moment, but the same cannot be said for the long run.



Political Updates

The ConCourt Dismisses MKP's Case

- On 31 July, the Constitutional Court unanimously dismissed the application filed by Mr Jacob Zuma and the uMkhonto weSizwe Party (MKP) to challenge President Cyril Ramaphosa's decision to place Minister Mchunu on absence of leave;
- Zuma and MKP had presented arguments before the court, that President Ramaphosa has no constitutional powers to place a minister on leave of absence;
- This follows President Ramaphosa's decision to place Police Minister Senzo Mchunu on special leave and appoint Professor Firoz Cachalia as acting minister;





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- However, Ramaphosa's legal team chose to centre their arguments around the constitutional court's jurisdiction, arguing that this matter should be heard in the High Court;
- Whilst reading the judgement, Justice Mathopo cited the lack of jurisdiction of the constitutional court, agreeing with the arguments presented by President Ramaphosa's legal team.

Legislative/Regulatory Updates

NCOP Passes Appropriation Bill

- On 30 July, the National Council of Provinces (NCOP) passed the 2025 Appropriation Bill;
- This is after the bill was passed in the National Assembly last week;
- The bill allocates funds from the National Revenue Fund for the 2025/26 fiscal year. These funds will be distributed to provinces and municipalities through various methods, including conditional grants, equitable shares, and other funding methods;
- These funds aim to support the fulfilment of constitutional responsibilities, ensuring that provinces and municipalities can deliver essential services and meet their obligations;
- The significance of the bill is that it enables parliamentary oversight through scrutinising specific government departments and their fund allocation, conducting in-depth reviews and investigations into public fund management to boot;
- This ensures accountability, efficient utilisation of public funds and transparency, allowing Parliament to monitor and guide government expenditure.



Eskom Debt Relief Amendment Bill Passed



- On 30 July, the National Council of Provinces (NCOP) passed the Eskom Debt Relief Amendment Bill;
- The bill has been described as an imperative fiscal intervention to support the country's energy security;
- It introduces a momentous change to the Eskom Debt Relief Act of 2023 by shifting from an interest-free loan structure to a loan structure with interest payments. The new amendment reflects a novel approach to managing Eskom's debt, where the utility will now be required to pay interest on loans provided by the government;
- For instance, the doubled funds for the 2025/26 fiscal year allocation from R40 billion to R80.2 billion is a provisory loan and not a boundless bailout as would have been historically expected. Instead, conditions will be put by government in place to retrieve the loan;
- Accountability in this sense is buttressed by granting the Minister of Finance the power to decrease the loan amount in the event of non-compliance with conditions;
- The bill is the government's intervention to deliver Eskom from its financial and operational struggles;
- The bill now moves to the President's desk for assent.



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Africa Watch

Sudan Rebel Group Establishes Parallel Government



- After 27 months of civil war a Sudanese coalition led by the Rapid Support Forces (RSF) paramilitary group has announced the formation of a parallel government in a challenge to the military-led authorities;
- The parallel government aims to challenge the military-aligned international recognised administration's legitimacy;
- RSF leader General Mohamed Hamdan Dagalo was named head of the new 15 member Presidential Council, while Abdel Aziz al-Hilu, leader of the Sudan People's Liberation Movement-North (SPLM-N), one of the country's largest rebel groups, was appointed as vice-president and civilian politician, and Mohamed Hassan Al-Ta'ayshi, who served on the Transitional Sovereign Council from 2019 until the 2021 military coup, was named as prime minister;
- The ongoing conflict between the RSF and the military has created an unprecedented humanitarian crisis, with the United Nations saying about half the population faces increasing hunger and famine.

US and China Scramble for Minerals in Congo

- After the Democratic Republic of the Congo (DRC) and the United States (U.S) agreed to a "minerals-for-security" deal to help end violence in the country KoBold Metals, backed by Bill Gates and Jeff Bezos, secured a deal with the DRC on the 17 July;
- This agreement will be implemented in three key areas: the company committed to investing in the Congo in the digitisation of geological data, mining using advanced technologies, including artificial intelligence, and the development of a lithium mining project located in Manono in the province of Tanganyika, in the southeast of the DRC;
- Chinese companies on the other hand are already heavily embedded in the DR Congo's mining sector, having secured several of the country's key assets in the past decade as western countries ceded many of these interests to China;
- Congo is the largest producer of cobalt in the world, contributing approximately 70 percent of global output, and serves as a significant source of copper and other essential metals including tin, gold, lithium, and tantalum;
- Data from the Central Bank of Congo shows that DRC exports up to 57.3 percent of its mining products.





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AU High-Level Dialogue on Democracy



- On 29 July, the African Union Commission (AUC) hosted the 13th High-Level Dialogue on Democracy, Human Rights, and Governance: Trends, Challenges, and Prospects, under the theme “Justice, Rights, Reparation & State Building” in Accra, Ghana;
- The High-Level Dialogue is a flagship AU initiative which provides a platform for frank conversations on policy reforms and practical strategies that promote good governance, human rights, and inclusive development;
- The AU reiterated its dedication to the democratic principles outlined in the African Charter on Democracy, Elections and Governance (ACDEG) and acknowledged that democracy is vital for achieving sustainable peace, development, and the protection of human rights;
- The AU aims to improve democratic governance through the implementation of a Continental Democracy Scorecard for yearly evaluations, reinforcing a strict policy against unconstitutional changes in power, establishing a Democracy Support Fund for transitional nations, and promoting inclusive dialogue among various generations and sectors to cultivate a sustainable democratic culture.

International Affairs

IMF World Economic Outlook Update

- On 29 July, the International Monetary Fund (IMF) released their July 2025 World Economic Outlook Update, reflecting that the current global growth is projected to be 3.0% in 2025 and 3.1 in 2026. These projections are an improvement from those in April;
- Headline inflation is predicted to be 4.2% in 2025 with a decline to 3.6% in 2026;
- When looking at growth in the more developed economies, U.S growth is set to be 1.9% in 2025 rising to 2.0% in 2026, this growth stimulated by the recent tax adjustments. In the Euro area growth is projected at 1.0% in 2025 and 1.2% in 2026;
- In the emerging economies, growth is forecast at 4.1 in 2025 and a slight decline to 4.0 in 2026;
- In comparison Sub-Saharan Africa is projected at 4.0 percent, before picking up to 4.3 percent in 2026.
- The data shows that South Africa’s real GDP growth is projected to be around 1% in 2025.



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