



FRONTLINE AFRICA
— **ADVISORY** —

Local Political and Economic Report

April 2026

Executive Summary

- South Africa's political economy this month was defined by a widening divergence: improving policy coherence at national level under the Government of National Unity (GNU), set against persistent sub-national weakness and rising political fragmentation.
- The sixth South Africa Investment Conference (SAIC) secured nearly R900 billion in pledges, reinforcing investor confidence and lifting the 2026-2030 target to R3 trillion. Yet these commitments remain conditional, with conversion dependent on resolving municipal dysfunction, crime, and regulatory delays in a low-growth environment of 1.1% in 2025.
- Cabinet's fuel levy reduction and performance-based metro reforms signal a more coordinated executive. However, this progress is offset by weak enforcement against corruption, limited improvement in audit outcomes, and continued employment stagnation.
- Politically, national stability contrasts with fluid provincial coalitions and deepening alliance fractures between the ANC and the SACP.
- The most defining theme is that reform momentum is improving at the centre, but execution risk, now compounded by political fragmentation, remains concentrated at sub-national level.

GOVERNANCE UPDATES

South Africa's Investment Drive

- South Africa's investment drive continued with the SA Investment Conference and provinces such as Gauteng also opening themselves up for investors. After exceeding his initial R1.2 trillion target between 2018–2023, President Ramaphosa has set a new five-year target to attract R2 trillion in investments by 2028.
- Government will argue that the exceeding of the R1.2 trillion target and the nearly R900 billion in pledges at this year's SAIC represents a strong endorsement of the GNU's reform trajectory.
- However, pledges are not actual investments. Government reported that by mid-2025, approximately R500 billion of the initial pledges has been fully spent on projects like factory expansions, data centers, and renewable energy plants.
- From the government's side, structural constraints, such as municipal underperformance, infrastructure gaps, and slow permitting, continue to limit conversion.
- As such, the initiatives such as the SAIC should be read as a confidence signal rather than a structural shift. The decisive variable for business remains conversion velocity over the next 12–18 months.



Keeping the Economy Going: Cabinet Action and Reform Momentum

- In response to the potential impact of the U.S.–Israel war with Iran, cabinet instituted a rapid fuel levy reduction. With the strait of Hormuz still closed, another heavy fuel increase is on the horizon. Minister of Finance, Enoch Godongwana, has stated that government is weighing its options and the extension of the fuel levy cut is not off the table.
- On the local government front, the rollout of R54 billion in performance-linked metro incentives reflect a shift toward faster, more coordinated execution.
- This dual-track approach (immediate cost relief alongside targeted structural reform) signals a more responsive state. On the performance linked incentives, success will hinge on municipal implementation, where delivery capacity remains uneven.



- For business, the environment is cautiously constructive but operationally constrained.
- The fuel levy cut provides short-term margin relief, particularly for fuel-intensive sectors. However, execution risk remains the dominant constraint, with national reforms likely to face delays at local level.
- Firms should:
 - Prioritise metro-level engagement, especially in Gauteng and KwaZulu-Natal
 - Maintain buffers against input-cost and infrastructure volatility
 - Track SAIC conversion before committing large-scale capital

Governance Risks: Corruption and Public Financial Management

- The Madlanga Commission continues to expose systemic municipal corruption, yet with minimal enforcement follow-through, despite arrests in Tshwane and Ekurhuleni. This gap between visibility and accountability remains a core risk.
- Similarly, audit outcomes show limited improvement, with the majority of public expenditure still affected by material irregularities.
- The conclusion to be made is that national reform momentum is strengthening, but sub-national governance continues to undermine delivery.



POLITICAL UPDATES

Coalition Fluidity and Provincial Realignment

- The country's political system is entering a more fluid phase. While the GNU is increasingly coherent at national level, provincial coalition experimentation is accelerating.
- In Gauteng, the ANC's alignment with the EFF and Patriotic Alliance reflects a pragmatic, coalition-based governing model. In KwaZulu-Natal, various parties' (most notably the IFP and the ANC) engagement with the MK Party signals containment rather than realignment but keeps future shifts in play. The National Freedom Party's (NFP) expulsion of party member and KwaZulu-Natal MEC for social development Mbali Shinga after she did not vote in favour of Premier Ntuli's removal will keep the Provincial coalition on the edge and vulnerable.
- The election of a new leadership cohort of the DA, under Federal Leader Geordin Hill-Lewis, points to a broadening of a bold opposition strategy – with increased focus on socio-economic issues, keeping the government accountable, blocking legislation that 'stalls progress', and growing the party ahead of the local elections this year and the 2029 general elections.

Alliance Strain: ANC–SACP Rupture



- The escalating tension between the ANC and the SACP reflects a broader weakening of the Tripartite Alliance rather than a sudden break. The ANC's 10-day ultimatum requiring dual members to choose between the two organisations, combined with the SACP's decision to contest elections independently, marks a significant departure from long-standing alliance norms.
- However, early signals suggest the SACP may be entering this contest with limited internal cohesion, as several senior and influential figures have reportedly remained aligned with the ANC. This raises questions about whether the SACP's electoral strategy was driven by a coordinated organisational decision or a narrower leadership push that may have underestimated the ANC's continued dominance within the broader alliance ecosystem.
- The immediate effect is not a clean rupture but a more fragmented and less predictable alliance structure. The ANC's actions reflect both a desire to tighten internal discipline ahead of competitive local elections and a recognition that informal alliance cohesion is no longer sufficient to manage political complexity.
- At the same time, COSATU and SANCO remain important but uncertain variables: both are likely to maintain tactical ambiguity rather than formally break alignment, but any forced clarity would accelerate the decomposition of the alliance into separate political constituencies.
- For business, this shift increases political fluidity at local level, even as national policy direction remains relatively stable.
- More broadly, this does not signal the "death of the left" in South Africa, but rather its fragmentation across multiple political and organisational spaces. The ANC is evolving into a more pragmatic, coalition-anticipating governing party, the SACP is attempting to establish itself as an independent ideological-electoral actor with uncertain scale, and COSATU/SANCO are balancing historical loyalty with practical local interests.
- The SACP's planned "Conference of the Left" is also an attempt to consolidate the left in relation to its criticism of the ANC's betrayal through its coalition with the DA and FF+ in the GNU.
- In the short term, this may create organisational disruption and potential vote leakage, while over the medium term it points to a more coalition-driven and politically dispersed system in which the left is no longer anchored within a single unified alliance structure.

Political Overhang: Phala Phala

- The renewed ATM impeachment push against President Cyril Ramaphosa, linked to the Phala Phala scandal, and ActionSA's ask for the Public Protector to reopen its Phala Phala investigation, sustains short-term political pressure, particularly ahead of an expected Constitutional Court ruling on the Section 89 independent panel report.
- While unlikely to destabilise the GNU immediately, it contributes to a noisy and uncertain political environment.



FOREIGN RELATIONS

External Positioning or Strategic Ambiguity?



- President Cyril Ramaphosa's recent visit to Spain forms part of a broader pattern of pragmatic re-engagement with key Western partners and widening its trade base, reinforcing South Africa's effort to balance strategic non-alignment with economic diplomacy. The visit, alongside the accreditation of a new U.S. ambassador and the appointment of former apartheid negotiation figure Roelf Meyer as ambassador to Washington, signals an intent to stabilise and professionalise relations with advanced economies at a time of global geopolitical fragmentation.

- In substance, the Spain engagement is best read through a trade-and-investment lens, focusing on deepening cooperation in renewable energy, infrastructure financing, and industrial collaboration, rather than a purely ceremonial diplomatic exchange.
- However, these efforts sit alongside rising arms export approvals reported by the National Conventional Arms Control Committee, underscoring an emerging policy tension between South Africa's industrial development objectives and its external positioning, particularly with European partners sensitive to governance, compliance, and conflict-adjacent trade flows.

ECONOMIC OVERVIEW

- Economic indicators remain subdued. Employment continues to stagnate, with a year-on-year decline despite modest quarterly gains.
- Lower global oil prices have provided temporary relief, reinforcing the impact of the fuel levy cut. However, the economy remains structurally constrained, with limited transmission from policy reform to job creation.

RISK OUTLOOK (3-18 Months)

Risk Factor	Assessment	Business Implication
Investment conversion risk	High at municipal level	Delays in project execution and municipal approvals; cautious capex deployment required
Fuel & input cost volatility	Short-term relief; structurally exposed	Margin pressure likely to return; maintain cost buffers
Coalition instability	Increasing at provincial level	Policy inconsistency and delays in approvals, especially in key metros
Governance failure	Weak enforcement despite high visibility	Elevated compliance and operational risk; procurement and service delivery disruptions
Political fragmentation	Alliance breakdown accelerating	More complex stakeholder landscape; need for multi-party engagement strategies

Conclusion

- April highlighted both the progress and fragility of South Africa's reform trajectory. The GNU is demonstrating greater coherence, faster decision-making, and improved investor signalling. However, these gains remain constrained by structural weaknesses, particularly at municipal level.
- The central challenge is now compounded. Closing the gap between national intent and sub-national delivery, within an increasingly fragmented political landscape.
- For the private sector, the outlook is cautiously constructive but execution-constrained. While short-term relief measures and investment signals are positive, operational risk remains anchored in municipal performance and political fluidity.
- Ultimately, the credibility of the reform project will depend on visible improvements in delivery, enforcement, and coalition stability over the next 12-18 months, not on policy announcements alone.

END