



# WEEKLY POLITICAL AND ECONOMIC HIGHLIGHTS

24 APRIL 2026

## ECONOMIC UPDATES

### OPERATION VULINDLELA Q4 2025/26 PROGRESS REPORT

- On 22 April, the National Treasury and the Presidency released the Operation Vulindlela Q4 2025/26 Progress Report (Phase II), the third major update under the second phase of the structural reform programme. Reporting incremental progress compared to earlier phases;
- The report indicates that 67% of reform actions are on track, 20% are delayed but actively progressing, 6% face significant challenges, and 7% are completed;
- In the energy sector, reforms continue to centre on liberalising electricity generation and enabling private sector participation, particularly following the removal of licensing thresholds and improvements in grid connection processes. These measures are credited for significantly reducing the frequency and intensity of load shedding, along with increasing generation capacity. However, delays in transmission expansion are repeatedly flagged as a critical constraint;
- In logistics, progress at Transnet ports and freight rail corridors is cited as a key reform gain. Improvements including third-party access pilots on freight rail, port equipment upgrades, and efforts to reduce turnaround times. Despite this, there are still persistent issues of inefficiencies, congestion, and underperformance relative to global benchmarks, particularly at Durban and Richards Bay, which continue to weigh on export competitiveness;
- The digital communications sector has seen notable progress through spectrum allocation and the rollout of broadband infrastructure, with government emphasising faster digital migration and reduced data costs. These reforms are increasingly linked to broader economic inclusion goals, especially for Small and Medium-sized Enterprises (SMEs) and digital service providers;
- In water and municipal services, the report acknowledges reforms aimed at improving governance, financial sustainability, and technical capacity at local government level, including interventions in struggling municipalities. However, this remains one of the weakest reform areas, with ongoing infrastructure decay, revenue collection failures, and project delays, building frustration in citizens;
- Overall, while Operation Vulindlela is credited with supporting improved investor sentiment and stabilising key network industries, whether these improvements have led to actual economic transformation is yet to be seen. Moreso, issues of strained implementation capacity, coordination failures, and infrastructure backlogs still remain the primary constraints to unlocking faster growth.



### SARB MONETARY POLICY REVIEW

- On 21 April, the South African Reserve Bank (SARB) released its April 2026 Monetary Policy Review.
- The review states that headline inflation remained at around 3% in February, at the lower end of its 3%–6% target band (with a 3% midpoint focus), largely attributed to declining fuel prices, a stronger rand earlier in the year, and relatively stable food inflation;
- However, the SARB emphasised that inflation risks remain tilted upward, particularly due to:
  - Escalating geopolitical tensions in the Middle East, which could drive oil price shocks,
  - Exchange rate volatility, given global risk-off sentiment,
  - Potential supply chain disruptions, especially in energy and shipping routes;
- The baseline forecast predicts headline inflation rising modestly this year, peaking around 4% in Q2, but remaining within the 3%–6% band and returning closer to the 3% target by late 2027;





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- Domestic growth strengthened to 1.1% in 2025 and is expected to approach 2% by 2028, though risks to household consumption are tilted downward. The Quarterly Projection Model-implied policy rate path suggests rate cuts may be delayed to Q4 2026, with a severe scenario potentially requiring rates to rise toward 8%;
- Economic growth remains subdued, constrained by low fixed investment, infrastructure constraints, and weak productivity growth. While the SARB's Quarterly Projection Model suggests scope for eventual rate cuts, it signals a more cautious and delayed easing cycle, reinforcing a "higher-for-longer" interest rate environment than previously anticipated.

## CONSUMER PRICE INDEX (CPI)

- On 22 April, Statistics South Africa (StatsSA) released the Consumer Price Index (CPI) for March 2026, showing headline annual inflation increased to 3.1% year-on-year from 3.0% in February;
- Month-on-month reported a 0.6% increase and core inflation increased to 3.2%;
- The CPI index reached 104.8, with six of the 13 main categories recorded higher annual rates, led by housing and utilities, food and non-alcoholic beverages contributed modestly while transport saw some easing from fuel costs;
- Despite the increase, inflation remains well anchored at the lower end of the SARB's 3%–6% target band, although forward-looking indicators suggest fuel price adjustments and global shocks could push inflation higher in coming months;
- While inflation remains contained, emerging services inflation and expected fuel-driven increases may delay interest rate cuts, keeping borrowing costs elevated for consumers and businesses.



## SACCI BUSINESS CONFIDENCE INDEX

- On 22 April, South African Chamber of Commerce and Industry (SACCI) released its Business Confidence Index (BCI) for March 2026 showing a dip of 3.3 points to 131.3, a five-month low, from 134.6 in February;



- The decline was largely driven by Middle East tensions causing a weaker and more volatile rand, lower JSE share prices, falling global precious metal prices, and reduced merchandise import volumes;
- Positive offsets included stronger new vehicle sales, higher overseas tourist arrivals, and lower domestic inflation;
- Year-on-year, the index is still 7.8 points higher than March 2025, with the Q1 2026 average at 132.4, up from 123.1 in Q1 2025. Economists warned of risks to growth from prolonged global shocks but noted South Africa's relative resilience;
- The discrepancy between short-term volatility and improving annual sentiment suggests fragile recovery conditions, where external shocks could quickly reverse gains in business confidence and investment.

## GOVERNMENT UPDATES

### PRESIDENT RAMAPHOSA CONCLUDES WORKING VISIT TO SPAIN

- On 16 April, President Cyril Ramaphosa concluded a working visit to the Kingdom of Spain to participate in the "In Defence of Democracy Initiative", an international effort launched by Brazil and Spain in 2024 to confront the rise of extremism, polarisation, and disinformation;

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- Upon arrival, the President held an audience with His Majesty King Felipe VI and a bilateral meeting with Spanish Prime Minister Dr Pedro Sánchez;
- This was followed by the Spain–South Africa Business Forum, where President Ramaphosa highlighted that bilateral trade had reached approximately €2.8 billion, with South African exports to Spain rising to €1.3 billion – a 10 percent increase from the previous year;
- These figures confirm Spain as South Africa’s fastest-growing major trading partner within the European Union;
- President Ramaphosa then addressed the Defence of Democracy Initiative, which was convened in response to attacks on the multilateral system, disregard for international law, threats of territorial expansion, and the normalisation of coercion in global affairs;
- He used the platform to warn against rising global aggression and destruction, calling for renewed unity, stronger international cooperation, and a firm recommitment to the rules-based international order;
- The President further lamented how long-established laws and norms governing relations between nations are being wilfully violated, while institutions of global governance are undermined and maliciously repurposed.



## POLITICAL UPDATES

### SACP-ANC RELATIONS

- On 23 April, the South African Communist Party (SACP) briefed the media on the outcome of its high-level engagement with the African National Congress (ANC) concerning the SACP’s decision to contest the upcoming local government elections;
- The SACP rejected the ANC’s call for dual members to publicly declare their electoral allegiance, describing it as an intimidation tactic;
- General Secretary Solly Mapaila argued that the ANC has always demanded unconditional electoral support, whereas the alliance relationship has historically been on the condition that the ANC advance the national democratic revolution among other considerations;
- Later the same day, the ANC held its own press briefing, confirming that efforts to persuade the SACP not to contest the elections had failed;
- The ANC announced that dual ANC-SACP members would be given ten days from Thursday to declare which party they would campaign for in the local government elections;
- ANC Secretary-General Fikile Mbalula confirmed that no member’s overall membership was in jeopardy, but those choosing the SACP would be removed from all elections-related party structures and activities, a position first communicated late last year.



## LEGISLATIVE/REGULATORY UPDATES

### PORTFOLIO COMMITTEE ON WATER AND SANITATION

- On 21 April, Parliament’s Portfolio Committee on Water and Sanitation had oversight engagements with the Department of Water and Sanitation and various water boards, reviewing annual reports, infrastructure backlogs, and 2026/27 Annual Performance Plans;



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- Discussions reinforced that South Africa's water crisis is increasingly structural rather than cyclical, with key challenges including:
  - Severe municipal capacity constraints, particularly in technical skills,
  - Ageing and poorly maintained infrastructure, leading to high water losses,
  - Financial mismanagement and weak revenue collection, and
  - Persistent delays in bulk water infrastructure projects;
- Members of Parliament raised concerns that potential budget cuts could worsen service delivery failures, particularly in already distressed municipalities. With growing calls for ring-fenced infrastructure funding, private sector participation, and stricter accountability mechanisms for municipal officials;
- The Committee further raised concerns about the slow pace of reform implementation, lack of clear progress on commitments made at the 2025 Water and Sanitation Indaba, and weak coordination across government. It called for urgent prioritisation of infrastructure investment and stronger accountability, including through the National Water Crisis Committee.

## DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES BRIEF TO PORTFOLIO COMMITTEE

- On 21 April 2026, the Department of Mineral and Petroleum Resources briefed its Portfolio Committee on its 2026/27 plans;
- The department highlighted priorities such as:
  - Regulatory reforms to attract mining and upstream petroleum investment,
  - Advancing the just energy transition, balancing climate commitments with economic realities,
  - Combating illegal mining, which continues to result in significant revenue losses and safety risks;
- The department briefed the committee on progress of the South African National Petroleum Company Bill, a key piece of legislation aimed at consolidating state-owned petroleum assets and strengthening energy security.
- The Bill seeks to formally establish SANPC as a state-owned entity to consolidate and strengthen the state's role across the petroleum value chain. It proposes that the company will participate in exploration and production, enter into agreements with strategic partners, and operate across refining, storage, trading, and distribution activities, effectively positioning it as the state's central "petroleum champion";
- The Bill also outlines a governance and financial framework, including board structures and executive appointments, while providing for the transfer of assets and personnel from PetroSA, iGas, and the Strategic Fuel Fund into the new entity to improve coordination and efficiency;
- The Committee noted that the briefing provides a strong foundation for the legislative process, with the next steps including public consultations and detailed clause-by-clause deliberations, and emphasised the Bill's potential to create a more coordinated and commercially viable state presence in the sector;
- Debate around the Bill centres on concerns about state capacity, governance risks, and the balance between state control and private sector participation, with investors seeking greater clarity on the regulatory framework.



mineral &  
petroleum resources

Department:  
Mineral and Petroleum Resources  
REPUBLIC OF SOUTH AFRICA

## IEC BRIEF'S THE PORTFOLIO COMMITTEE ON HOME AFFAIRS

- On 21 April, the Independent Electoral Commission of South Africa (IEC) briefed Parliament's Portfolio Committee on Home Affairs on its 2026/27 Annual Performance Plan and R3.1 billion budget allocation, outlining preparations for the 2026 Local Government Elections;



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- Chairperson Mosotho Moepya confirmed that while the official election date has not yet been proclaimed, the IEC is progressing with:
  - Ward delimitation processes,
  - Voter registration and participation surveys, and
  - System modernisation initiatives;
- Key risks identified include:
  - Funding constraints, which may limit operational capacity;
  - The need for technology upgrades, particularly in voter management systems;
  - Political instability and service delivery protests, especially in parts of KwaZulu-Natal;

- Public discourse suggests rising concerns about declining voter turnout and trust in local government, which could shape the political dynamics of the upcoming elections.

## THE DTIC ANNUAL PERFORMANCE PLAN

- On 21 April 2026, the Department of Trade, Industry and Competition presented its 2026/27 Annual Performance Plan, backed by a R11.7 billion budget;
- The plan is anchored on re-industrialisation and expanding productive sectors of the economy, with key interventions including:
  - Revitalising 15 industrial parks and operationalising 10 of 12 Special Economic Zones (SEZs) to stimulate local economies and sector diversification;
  - Deploying up to R4 billion in incentives to support businesses, particularly those aligned with Broad-Based Black Economic Empowerment (B-BBEE) objectives;
  - Promoting export growth, investment attraction, and industrial expansion, especially in marginalised regions and among SMMEs, women, and youth;
  - Advancing the proposed Omnibus Industrial Development and Investment Acceleration Bill to reduce red tape and improve the ease of doing business;
  - The APP highlights the importance of trade expansion, particularly through the African Continental Free Trade Area (AfCFTA), to diversify export markets and reduce reliance on traditional partners;
  - The department also prioritises digitalisation, decarbonisation, and green industrial development, positioning South Africa to compete in emerging global value chains;
  - Key constraints acknowledged include energy insecurity, logistics inefficiencies, and global economic fluctuations, which continue to weigh on industrial growth and investment;



## AFRICA WATCH

### AU CONDEMNS APPOINTMENT OF ISRAELI AMBASSADOR TO SOMALILAND

- On 19 April, the African Union Commission (AUC) strongly condemned the Israeli government's decision to appoint a diplomatic envoy to Somaliland;



- The move follows Israel's earlier formal recognition of Somaliland as a sovereign state – the first country in the world to do so – which drew immediate condemnation from Somalia and the broader international community;
- An AU ministerial-level meeting held earlier this year had already rejected Israel's unilateral recognition of Somaliland and called for its immediate revocation;
- In its latest statement, the AUC reaffirmed the African Union's unwavering respect for the sovereignty, unity, and territorial integrity of Somalia;



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- The Commission emphasised that it does not recognise Somaliland as an independent state and warned that any unilateral recognition would be invalid and could seriously undermine regional stability;
- The condemnation is expected to feature prominently in future AU discussions on peace and security in the Horn of Africa, particularly as external actors deepen engagement with disputed territories.

## INTERNATIONAL AFFAIRS UPDATES

### UN SECRETARY-GENERAL CANDIDATES PUBLIC DIALOGUES

- On 21 April, the United Nations confirmed that four candidates contesting for the position of Secretary-General will participate in public dialogues, to allow them to present their vision and respond to member state and civil society questions, reflecting ongoing reforms to make the selection process more open and merit-based rather than purely diplomatic;
- The candidates are Michelle Bachelet, Rafael Grossi, Rebeca Grynspan, and Macky Sall;
- Fewer candidates have entered the race due to the complex process involving the General Assembly and Security Council. There is strong support for the next Secretary-General to be a woman from the Latin America and Caribbean Group;
- These dialogues form part of a transparency-driven selection process ahead of the end of the current Secretary-General's term;
- The process comes amid heightened global geopolitical tensions, increasing the strategic importance of leadership at the UN. Greater transparency in the selection process may enhance legitimacy of UN leadership, but geopolitical divisions among major powers could still shape the outcome.



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