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WEEKLY POLITICAL AND ECONOMIC HIGHLIGHTS

FRONTLINE AFRICA ADVISORY

LOCAL GOVERNMENT ELECTIONS WATCH

- On 31 July, ActionSA leader Herman Mashaba announced former Build One South Africa (BOSA) Gauteng Member of the Provincial Legislature (MPL) Ayanda Allie as the party's Gauteng election campaign ambassador ahead of the 2026 Local Government Elections (LGE).
- On 4 August, the Electoral Commission of South Africa (IEC) announced that 1.7 million voter registration transactions were recorded during the final voter registration weekend (1–2 August), increasing the voters' roll to over 29 million ahead of the 4 November local government elections.

ECONOMIC UPDATES

SARB 106TH ANNUAL ORDINARY GENERAL MEETING

- On 31 July, the South African Reserve Bank (SARB) held its 106th Annual Ordinary General Meeting (AGM), with Governor Lesetja Kganyago reaffirming the Bank's commitment to its recently adopted 3% inflation target despite the recent oil price shock;
- The AGM is SARB's annual statutory meeting at which the Governor presents the Bank's annual report to shareholders, reviews domestic and global economic developments, and oversees the adoption of key governance resolutions;
- In his address, the Governor said the May interest rate increase to 7% was intended to ensure inflation returns to target, while noting that lower inflation will ultimately support lower interest rates, even though the Bank does not provide forward guidance on the future policy rate;
- SARB also highlighted continued progress in modernising South Africa's payments ecosystem through Pay Inc., confirming that it intends to retain the entity as a public payments utility while cautioning that artificial intelligence, stablecoins and crypto-assets require regulation that balances innovation with financial stability and crime prevention;

- Looking ahead, the Governor said SARB remains in a strong financial position, with foreign exchange reserves having increased to US$74 billion, stronger profitability and one of the highest capitalisation levels among central banks globally;
- The AGM reinforced SARB's commitment to maintaining a restrictive monetary policy until inflation returns to the new target, while signalling continued efforts to strengthen financial sector resilience, modernise payments infrastructure and safeguard macroeconomic stability.

FSCA REGULATORY ACTIONS REPORT 2025/26

- On 31 July, the Financial Sector Conduct Authority (FSCA) published its fourth Regulatory Actions Report, covering enforcement activity between 1 April 2025 and 31 March 2026;
- The FSCA imposed R2.89 billion in administrative penalties on 76 individuals and entities across 62 cases, up from R119.8 million in the previous year;
- Enforcement activity strengthened significantly, with 678 investigations finalised, 68 individuals debarred, 31 licence suspensions, 14 licence withdrawals, 11 regulatory directives, 36 enforceable undertakings, and 140 public warnings, compared with 107 public warnings in the previous reporting period;
- Judgments in the Viceroy, Municipal Employees' Pension Fund (MEPF) and Elasah Risk Consultants matters strengthened the FSCA's enforcement framework by extending its jurisdiction over certain foreign respondents, confirming that it is not required to disclose records during ongoing investigations, and affirming that construction guarantees constitute insurance business requiring authorisation;
- The FSCA identified online financial harm, unlicensed guarantee products, unauthorised referral models, trading signals, market manipulation, anti-money laundering and combating the financing of terrorism (AML/CFT) compliance failures, and the non-payment of retirement fund contributions as priority risks;
- The report reflects a stronger enforcement framework and a shift towards digitally enabled misconduct, signalling tighter regulatory scrutiny of governance, consumer protection and financial crime compliance.

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GOVERNMENT UPDATES

OPERATION VULINDLELA Q1 PROGRESS REPORT

- On 31 July, the Presidency and National Treasury released the Operation Vulindlela Phase II progress report for the first quarter of 2026/27, showing that of the 30 reform actions tracked, 47% are on track, 40% are delayed but still underway, 10% have been completed, and 3% require significant intervention;
- In the electricity sector, iInternal trading commenced on the South African Wholesale Electricity Market with 32 participants, while the National Energy Regulator of South Africa (NERSA) published key market rules for consultation. Work also progressed towards establishing an independent, state-owned Transmission System Operator, although electricity distribution remains behind schedule;
- On the freight logistics front, Rail Access Agreements were concluded with all 11 private train operating companies allocated network capacity. Transnet also advanced major concession and rolling stock projects to support freight network reform;
- In the water sector, Government launched the National Water Action Plan, appointed the South African National Water Resources Infrastructure Agency (SANWRIA) board, and continued developing a pipeline of approximately R100 billion in water infrastructure projects, with around R60 billion already under implementation;
- Regarding visa reform and border management, Home Affairs expanded Phase II of the Trusted Employer Scheme to additional strategic sectors and announced six preferred bidders for the R12.5 billion public-private partnership to redevelop South Africa's six busiest land ports of entry;
- Turning to local government, Government is finalising the White Paper on Local Government, progressing amendments to the Municipal Finance Management Act, and awaiting presidential assent of the Public Service Commission Bill, which extends the Public Service Commission's oversight to municipalities;
- The report indicates that structural reforms are increasingly moving from policy design to implementation. While reforms led by national institutions continue to advance, delivery remains weakest where implementation depends on municipal capacity, making local government reform and electricity distribution key areas to monitor over the remainder of the year.

SA - CHINA ELECTRICITY AND ENERGY INVESTMENT CONFERENCE

- On 3 - 4 August, Minister of Electricity and Energy Dr Kgosientsho Ramokgopa led a South African delegation to the South Africa - China Electricity and Energy Investment Conference in Beijing as part of an Energy Investment Mission to China, where government and industry stakeholders from both countries explored opportunities for cooperation and investment in South Africa's electricity and energy sector;
- The Minister presented South Africa's Integrated Resource Plan (IRP) 2025 as the country's long-term electricity investment roadmap, highlighting opportunities in transmission infrastructure, renewable energy, battery energy storage, gas and green hydrogen for Chinese investors and technology partners;
- The delegation held bilateral engagements with Chinese energy companies, including Energy China, focusing on cooperation in electricity infrastructure, engineering, manufacturing, technology transfer and industrial development;
- During the mission, Sasol and Envision Energy announced a collaboration to undertake a front-end engineering and design (FEED) study for a potential green hydrogen production system at Sasolburg;
- The conference formed part of South Africa's broader efforts to deepen energy cooperation with China and promote investment, technology transfer and technical collaboration in support of the modernisation of the electricity sector.

POLITICAL UPDATES

SECTION 89 COMMITTEE APPEALS HIGH COURT INTERDICT

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- On 5 August, the Section 89 Impeachment Committee, led by Chairperson Makashule Gana, lodged a direct appeal with the Constitutional Court against the Western Cape High Court's 24 July interim interdict, which had halted the Committee's public impeachment hearings following President Cyril Ramaphosa's urgent interdict application;
- The appeal followed earlier applications by the African Transformation Movement (ATM) and the Economic Freedom Fighters (EFF), which had also sought to challenge the interim interdict granted by the High Court in response to President Cyril Ramaphosa's urgent application;
- The Committee's appeal therefore brings it directly into the consolidated Constitutional Court proceedings, alongside the ATM and EFF, in a collective challenge to the legal basis and scope of the interim interdict, though Ramaphosa has filed papers in the Constitutional Court opposing the Committee's application;
- The appeals are likely to prolong the legal contestation surrounding the Section 89 process, with the Constitutional Court's determination expected to influence the timing and scope of Parliament's impeachment proceedings ahead of the November 2026 Local Government Elections.

MK PARTY ANNOUNCES LEADERSHIP RESHUFFLE

- On 4 August, uMkhonto weSizwe (MK) Party President Jacob Zuma announced a series of organisational restructuring measures and leadership appointments, including changes to several senior party positions;
- Zuma appointed Apostle Mxolisi Phakathi, senior leader in the Twelve Apostles Church in Christ (TACC) as National Chairperson, replacing Nkosinathi Nhleko, and appointed Duduzane Zuma to First Deputy President in place of Dr John Hlophe, who remains the party's Parliamentary Leader, alongside additional organisational changes;
- The reshuffle also included the replacement of Deputy Secretary-General Nomsa Dlamini with Lindiwe Mtshali, forming part of a broader reconfiguration of the party's national leadership structures;
- The changes follow the recruiting of new members a few weeks ago, which had included Duduzane Zuma, Mxolisi Phakathi and Zandile Gumede, reflecting the party's ongoing leadership restructuring;
- Coming less than three months before the November 2026 Local Government Elections, the reshuffle may require the party to consolidate its leadership structures and public messaging while maintaining organisational stability during the campaign period.

LEGISLATIVE/REGULATORY UPDATES

DA CHALLENGES EXPROPRIATION ACT

- On 3 August, the Democratic Alliance (DA), alongside civil society organisations AfriForum and the Institute of Race Relations (IRR), brought their constitutional challenges to the Expropriation Act before the Western Cape High Court, with the DA arguing that the legislation was adopted through a defective parliamentary process and contains provisions that render it legally inoperable;
- The DA argued that the legislative process did not comply with the Constitution, contending that five of the seven provincial delegations that voted in favour of the Act in the National Council of Provinces (NCOP) did so without obtaining provincial mandates in the manner prescribed by law and parliamentary rules;
- The party further argued that Sections 19(2) and 19(3) of the Act are internally irrational in so far as it creates an irresolvable circularity (or absurdity): a notice of expropriation must reflect compensation already agreed or decided/approved by a court under section 19, yet the time periods for instituting those court proceedings (e.g. within 180 days) only run from the date of the notice of expropriation itself;
- While the DA's application focuses primarily on the alleged defects in the legislative process and the internal circularity of Sections 19(2) and 19(3), AfriForum argued that Sections 12(3) and 12(4), which provide for nil compensation in certain circumstances, are incompatible with Section 25 of the Constitution;
- The Institute of Race Relations (IRR), by contrast, attacked the wider scheme of under-compensation and nil-compensation provisions (sections 12(2)(e), 12(3) and 12(4)), contending that they improperly place a "thumb on the scale" in favour of reduced or zero awards for specific classes of owners (land speculators, municipalities holding investment property, and land-reform beneficiaries), predetermine outcomes that Section 25(3) requires to be decided case-by-case through an equitable balancing exercise, and thereby permit arbitrary infringements of constitutionally protected property rights;
- The application was opposed by the Presidency, Parliament and the Economic Freedom Fighters (EFF), with the Presidency arguing that the Act provides a constitutionally compliant framework for expropriation in the public interest and that the DA's challenge should not result in the legislation being struck down; Parliament defended the validity of the legislative process, including the contention that the NCOP had properly obtained the required provincial mandates, while the EFF supported the Act's constitutionality and the principle of expropriation without compensation as an instrument of land reform and redress;
- The case highlights continuing policy differences within the Government of National Unity (GNU) and carries broader implications for legal certainty surrounding land ownership, property rights and investment in South Africa.

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CABINET APPROVES SEVEN KEY BILLS FOR PROCESSING

- On 30 July, Cabinet announced that it had approved seven Bills for either introduction to Parliament, submission to Parliament or publication for public comment, reflecting continued efforts to reform South Africa's legislative, governance and regulatory frameworks across several policy areas;
- The Bills comprise the Municipal Structures Amendment Bill, Electoral Laws Amendment Bill, Conspiracy, Instigation and Incitement to Commit Offence Bill, General (Mining) Laws Amendment Bill, Regulation of Trusts Bill, Legal Practice Amendment Bill and General Financial Laws Amendment Bill;
- The Municipal Structures Amendment Bill seeks to strengthen coalition governance in local government, while the Electoral Laws Amendment Bill aims to improve the administration of elections, ahead of the 2026 Local Government Elections. The Conspiracy, Instigation and Incitement to Commit Offence Bill would repeal the Riotous Assemblies Act and modernise the legal framework governing conspiracy, instigation and incitement to commit criminal offences;
- The remaining Bills focus on sector-specific regulatory reforms, with the General (Mining) Laws Amendment Bill proposing stronger measures against illicit mining, the Regulation of Trusts Bill modernising trust administration and beneficiary protections, the Legal Practice Amendment Bill reforming governance within the legal profession, and the General Financial Laws Amendment Bill strengthening financial benchmark governance and procurement regulation;

COMMITTEE ADVANCES EMPLOYMENT SERVICES BILL

- Collectively, the Bills indicate a continued legislative focus on strengthening governance, regulatory certainty, public administration and institutional oversight across key sectors of the economy and the state;
- On 5 August, the Portfolio Committee on Employment and Labour received a briefing from the Department of Employment and Labour on the Employment Services Amendment Bill, marking the formal introduction of the proposed legislation to the Committee;
- The Bill aims to modernise the regulation of South Africa's labour market, with a particular focus on regulating the employment of foreign nationals while enhancing employment opportunities for South African citizens;
- During the briefing, Members of the Committee sought clarity on the Bill's alignment with the Immigration Act and the Refugees Act, particularly regarding the regulation of the employment of foreign nationals and undocumented migrants;
- Members also discussed mechanisms to regulate the employment of foreign nationals while protecting employment opportunities for South African citizens, alongside sector-specific quotas and proposed penalties for non-compliant employers, among other measures, indicating the early implementation of the President's five-pillar strategy;
- As such, the proposed Employment Services Amendment Bill would necessitate stronger coordination between the Departments of Employment and Labour and Home Affairs, the South African Police Service (SAPS), and other law enforcement agencies;
- Committee Chairperson Mr Boyce Maneli confirmed that the Bill will proceed to the next stage of the legislative process by inviting written public submissions;
- Taken together, the development has implications for labour market governance by strengthening labour market regulation, improving compliance with labour legislation, and addressing worker exploitation.

AFRICA WATCH

OUTCOMES OF THE PAN-AFRICAN PARLIAMENT

- On 27 - 30 July, the Pan-African Parliament (PAP) convened the First Ordinary Session of its Seventh Legislature in Midrand, South Africa;
- President Cyril Ramaphosa officially opened the Session on 27 July, calling for greater African unity, stronger continental institutions and a coordinated response to the root causes of migration, while rejecting xenophobia and attacks on foreign nationals;
- The Plenary considered reports from the Permanent Committees and Caucuses, reaffirming support for implementation of Agenda 2063 and the African Continental Free Trade Area (AfCFTA), while calling for stronger parliamentary oversight, legislative harmonisation and regional economic integration;

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- Migration and attacks on foreign nationals in South Africa emerged as the dominant issue during the Session, with Members debating two motions calling for the Parliament to condemn the attacks and establish an African Union fact-finding mission to South Africa;
- The South African delegation opposed the proposal, arguing that the matter was already before the African Union Executive Council;
- The Session concluded with the adoption of the Midrand Declaration 2026, which commits Member States to accelerate ratification of the Malabo Protocol, deepen economic integration, strengthen food security and expand the participation of women and youth in governance and development;
- Closing the Session on 30 July, PAP President Dr Fateh Boutbig committed the Seventh Legislature to reposition the Parliament from a forum for debate to one focused on implementation, accountability and measurable outcomes;
- The Session reaffirmed the Pan-African Parliament's ambition to strengthen its oversight role and support implementation of Agenda 2063. However, the sharp divisions over migration demonstrated that it is likely to remain among the most politically sensitive issues on the African Union agenda.

INTERNATIONAL UPDATES

CHINA EXPANDS TRADE COUNTERMEASURES AGAINST US

- On 5 August, China announced a series of countermeasures against the United States, including stricter export controls on drones and related dual-use technologies, sanctions against seven United States organisations, and additional trade restrictions in response to recent United States actions targeting Chinese entities;
- The United States had added six Chinese companies to the Uyghur Forced Labor Prevention Act (UFLPA) Entity List on 3 August over alleged forced labour concerns. In response, China's Ministry of Commerce argued that the sanctions violated international law and infringed upon China's sovereignty, security and development interests, announcing restrictions on transactions and cooperation with seven United States organisations;
- China further announced that exports of drones, key drone components and related technologies to the United States would be subject to strict case-by-case review under its Export Control Law and Regulations on Export Control of Dual-Use Items, removing previous licensing facilitation measures for affected exports;
- The developments come shortly after bilateral trade consultations during which both governments reaffirmed their commitment to strengthening dialogue through the China-United States trade and economic consultation mechanism, highlighting the continued coexistence of diplomatic engagement and escalating economic countermeasures ahead of the anticipated Xi-Trump summit in September;
- Taken together, the latest measures illustrate the widening use of export controls, sanctions and regulatory instruments alongside tariffs as tools of strategic competition between the world's two largest economies, with implications for global technology supply chains, defence-related industries and broader geopolitical stability.

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