WEEKLY POLITICAL AND ECONOMIC HIGHLIGHTS

FRONTLINE AFRICA ADVISORY

04 September 2026

LOCAL GOVERNMENT ELECTIONS WATCH

- On 28 August, the uMkhonto weSizwe Party (MKP) announced mayoral candidates for six metropolitan municipalities, including Bongani Baloyi for Johannesburg, Zandile Hlophe-Mkhwanazi for eThekwini, Thulani Shongwe for Ekurhuleni, Mapaseka Mothibi for Mangaung, Mzwandile Vaaiboom for Buffalo City and Mvuleni Map for Nelson Mandela Bay.
- On 29 and 30 August, the African National Congress (ANC) held Provincial and Regional Local Government Elections Manifesto rallies across eight provinces . The ANC also highlighted that the localisation of the national manifesto will allow communities to identify their challenges and shape practical solutions.
- On 29 August, the Democratic Alliance (DA) released the DA uMngeni 2026 Manifesto, outlining six priorities, including economic growth, infrastructure maintenance and investment, financial sustainability, transparent and responsive governance, community safety, as well as a focus on waste and the environment.
- On 30 August, the South African Communist Party (SACP) confirmed that it had submitted its candidate lists to the Electoral Commission (IEC), while also sharing that it would field 4 418 ward candidates across the country and contest proportional councillor seats countrywide.
- On 28 August, ActionSA requested that the IEC investigate whether ANC Head of Performance Monitoring and Evaluation Kgosi Maepa published false or defamatory allegations against Tshwane Mayor Dr Nasiphi Moya in connection with an election. The party alleges that Maepa deliberately shared disinformation, including doctored and false information, targeting the mayor.

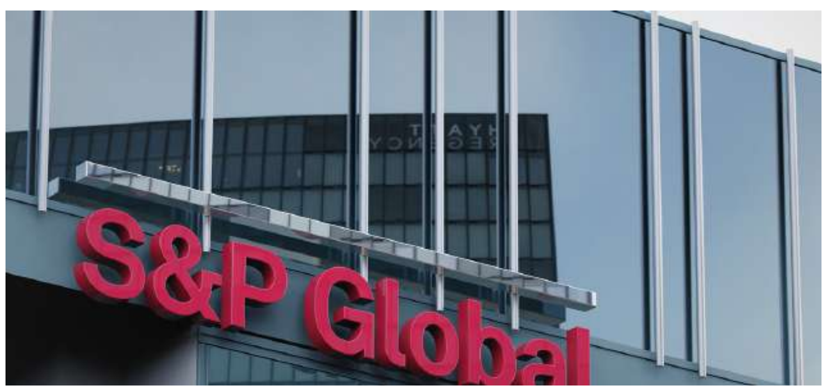
ECONOMIC UPDATES

BER RELEASES AUGUST ABSA PMI

- On 1 September, the Bureau for Economic Research (BER) released the August 2026 ABSA Purchasing Managers' Index (PMI), a monthly survey-based indicator of activity in South Africa's manufacturing sector;
- The seasonally adjusted PMI declined from 46.8 in July to 45.8 in August, marking a fourth consecutive monthly decline and the lowest reading of 2026 so far;
- The business activity index fell sharply by 8.6 points to 40.2, while new sales orders declined from 44.1 to 40.3, pointing to renewed weakness in manufacturing demand, particularly domestically;
- The employment index improved from 42.2 to 46.2 but remained below 50, indicating that factory employment continued to decline, albeit at a slower pace;
- The supplier deliveries index increased from 55.5 to 58.6, reflecting longer delivery times amid container shortages, limited shipping space and renewed congestion at Durban harbour;
- The PMI outlook improved, with expected business conditions six months ahead rising from 49.3 to 54.7, although weak new orders and business activity indicate that near-term manufacturing conditions remain challenging;
- The figures point to continued weaking in manufacturing activity, with subdued domestic demand and supply-chain pressures likely to constrain sectoral growth in the near term.

S&P GLOBAL RELEASES AUGUST 2026 PMI

- On 3 September, S&P Global released the August 2026 Purchasing Managers' Index (PMI), a monthly survey-based indicator of operating conditions in South Africa's private sector;
- The headline PMI rose marginally from 50.3 in July to 50.5 in August, remaining above the 50-point mark and signalling a slight improvement in private sector business conditions;
- New orders increased for the first time in four months, while output expanded for a second consecutive month, supported by rising sales, successful tenders and improved customer finances;
- Additionally, employment declined for the first time in seven months, with firms citing voluntary departures and cost-driven staff reductions;



- Input cost inflation accelerated slightly in August, driven by higher purchase prices and elevated fuel and supplier costs, while output price increases remained solid;
- The figures point to a modest improvement in private sector activity, but weak overall growth, declining employment and persistent cost pressures suggest that the recovery remains fragile.

GOVERNMENT UPDATES

CABINET MEDIA STATEMENT

- On 28 August, Cabinet released a media statement on the outcomes of its meeting of 26 August, highlighting a number of measures;
- Cabinet welcomed South Africa's continued improvement in electricity supply, noting 467 consecutive days without loadshedding, a reduction of more than 83% in Eskom's diesel expenditure and the return of approximately 6 100 megawatts of generation capacity to the grid;
- Government identified 263 infrastructure projects valued at R1.99 trillion across various stages of development and implementation, with 37 projects worth R69 billion completed over the past 18 months;
- Additionally, Cabinet welcomed the extension of the African Growth and Opportunity Act (AGOA) to 31 December 2028, providing continued preferential access for eligible South African products to the US market and greater certainty for local producers and exporters;
- It further welcomed the South Africa–India citrus agreement, which expands treatment options for fresh citrus exports and is expected to provide producers with greater logistical flexibility and support increased access to the Indian market;
- Moreover, Cabinet approved the commencement of a process to identify a Strategic Equity Partner for South African Airways;
- Concurrently approving the Borderline Infrastructure Improvement Plan for 2026–2030, which includes upgrades to border infrastructure, improved operational capacity and stronger intergovernmental coordination as part of efforts to strengthen migration management and border security;
- The measures point to an emphasis on improving the operating environment through more reliable energy, infrastructure investment, export market access and efforts to strengthen strategic state-owned enterprises.

NDB US$405M INFRASTRUCTURE LOANS

- On 28 August, the New Development Bank (NDB) and the South African Government signed two loan agreements worth a combined US$405 million for the Limpopo Central Hospital and Magalies Bulk Water Supply projects;
- The loans comprise US$200 million for the hospital project and US$205 million for the bulk water scheme, both with 10-year maturities, including four-year grace periods;
- The financing forms part of Government's broader external infrastructure financing, with NDB and other multilateral development partner funding enabling South Africa to meet its US$3.2 billion 2026/27 foreign-currency borrowing requirement;
- The agreements reinforce the role of multilateral development finance in supporting South Africa's infrastructure investment pipeline and its broader capital-financing requirements.

SA SECURES €300M CONCESSIONAL FINANCING

- On 2 September, National Treasury announced that German and French Development Cooperation, via KfW Development Bank (KfW) and Agence Française de Développement (AFD), had committed €300 million (R5.6 billion) in concessional loans to support the Metro Trading Services Reform (MTSR) programme;
- The programme will support the improvement of electricity, water and sanitation, and solid waste services across South Africa's eight metropolitan municipalities;
- The financing falls under the France–Germany Just Energy Transition (JET) mandate and supports the municipal component of the JET Investment Plan, including investment in infrastructure backlogs and modernisation of electricity distribution;

- However, Treasury cautioned that, given the scale of needs, metros will still have to raise additional investment beyond the MTSR package;
- The commitment aims to strengthen international development financing for municipal infrastructure and service-delivery reform, with stronger metropolitan financial sustainability positioned as a contributor to economic growth, improved service delivery and increased investment.

POLITICAL UPDATES

DA CHALLENGES VAT ACT

- On 27 August, the Democratic Alliance (DA) presented their arguments at the Constitutional Court for the Court to issue a final order of constitutional invalidity concerning a section of the Value-Added Tax Act (VAT Act) and allow greater legislative determination, while the Minister of Finance presented a counterargument;
- The High Court had held in March 2026 that section 7(4) is inconsistent with the Constitution insofar as it permits the Minister of Finance, by announcement in the national Budget, to change the statutory VAT rate with immediate effect, so that the Minister's rate applies across the economy for up to 12 months before Parliament has passed legislation giving effect to (or rejecting) the change;
- The High Court suspended the declaration of invalidity for 24 months to give Parliament time to cure the defect, and referred the order to the Constitutional Court for confirmation;
- The DA's case was that only Parliament may set or change the VAT rate. Taxing power is a legislative function reserved to the elected legislature; the Minister cannot bring a new rate into force by Budget announcement and leave Parliament to ratify it after the fact;
- Counsel for the Minister accepted that the power to tax belongs to Parliament, but said section 7(4) does not take that power away. On their argument the provision is only a limited, time-bound mechanism: the Minister may announce a new rate in the Budget, it lasts at most 12 months, and it falls away unless Parliament legislates to give effect to it. That, they said, keeps parliamentary control intact and is therefore constitutional.;
- The Constitutional Court has reserved judgment. In the meantime the High Court's declaration of invalidity remains suspended (for 24 months from March 2026, so about 18 months still to run) so that Parliament can amend the Act. That window is the period in which the design of any replacement mechanism can still be influenced;
- If the Act is rewritten so that a VAT-rate change takes effect only after Parliament has determined it, businesses would face a different timing and political process for rate changes. That could improve democratic control, but it may also reduce the speed and predictability of fiscal adjustments on which firms currently plan.

LEGISLATIVE/REGULATORY UPDATES

CABINET APPROVES BILLS FOR PUBLIC COMMENT

- On 28 August Cabinet released the Full Statement of the Cabinet Meeting of 26 August, covering the approved publication of three Bills for public comment: the Second-Hand Goods Amendment Bill, the Stock Theft Amendment Bill, as well as the Executive Members Ethics Bill;
- The Second-Hand Goods Amendment Bill seeks to strengthen regulations pertaining to second-hand goods, combating stolen goods, infrastructure vandalism, and cable theft, while also bearing implications for unlawful trade in scrap metal;
- The bill links to the common usage of the second-hand and scrap markets as a conversion point for the organised crime, terrorism, and the general circumvention of the AML/FCT regulations;
- Secondly, the Stock Theft Amendment Bill aims to enhance the protection of the agricultural sector, strengthen measures to prevent, investigate and prosecute livestock theft, as well as to improve the regulation of livestock ownership;
- In addition, the Executive Members Ethics Bill amends the Executive Members Ethics Act by strengthening ethical standards and accountability, clarifying the role of the Public Protector, and improving the management of conflicts of interest and the improper use of public office;
- The bills reflect increasing government scrutiny toward the illicit trade, rising cattle theft (as highlighted by Afriforum and the Democratic Alliance in recent years), as well as ethical conduct such as the recent Strengthening Ethics, Integrity and Green Governance (SEIGG) Project by the Department of Public Service and Administration;
- These developments may increase regulatory oversight for businesses within the second-hand goods, scrap metal, livestock farming, and agricultural sectors, while also having implications for the ethics of high-level politicians and government officials.

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CONCOURT KEEPS KHAMPEPE AS TRC INQUIRY CHAIR

- On 31 August the Constitutional Court dismissed Jacob Zuma and Thabo Mbeki's bid to remove retired Justice Sisi Khampepe as chair of the inquiry into whether TRC-related investigations and prosecutions were blocked;
- They wanted her 30 January 2026 refusal to recuse herself set aside, her removed from the commission, and, in Zuma's case, certain records disclosed;.
- They argued her past roles as a TRC commissioner, Amnesty Committee member and deputy national director of public prosecutions created a reasonable apprehension of bias;
- The High Court had thrown their case out without deciding bias, saying section 47(1) of the Superior Courts Act required the Chief Justice's consent before they could sue a retired judge;.
- The Constitutional Court granted direct leave to appeal and partly upheld it: section 47(1) did not apply, so no consent was needed, and the High Court order was set aside;
- On the recusal itself a majority dismissed the challenge. Four judges would have removed her; five held that bias had not been shown;
- The ruling ends the recusal fight but keeps the former presidents inside an inquiry that will now turn to their own roles in the fate of TRC cases.

AFRICA WATCH

AFRICAN UNION'S 21ST EXTRAORDINARY SESSION

- On 30 August, the African Union (AU) held its 21st Extraordinary Session of the Assembly in Luanda, Angola under the theme "Strengthening of Mechanisms for Conflict Prevention and Resolution in Africa";
- AU leaders adopted a Plan of Action and its accompanying Implementation Matrix to strengthen conflict prevention and resolution, setting out specific actions, responsible actors, timelines and funding requirements;
- The package seeks to improve the functioning of the African Peace and Security Architecture (APSA) and African Governance Architecture (AGA), including stronger early-warning, conflict-prevention and post-conflict governance mechanisms;
- Additionally, the heads of state and government called for improved implementation and compliance with AU decisions, alongside stronger coordination between the Peace and Security Council (PSC), AU Commission, Member States and Regional Economic Communities/Regional Mechanisms (RECs/RMs);
- The AU and RECs/RMs signed a Memorandum of Understanding to strengthen coordination and clarify roles in regional conflict prevention and crisis response;
- While, the AU Peace Fund was prioritised for full operationalisation, alongside broader financing participation, including from Africa-based private sector actors, to support more sustainable funding for peace and security initiatives;
- Moreover, the Session reaffirmed its commitment to addressing unconstitutional changes of government and advancing the "Silencing the Guns by 2030" objective;
- The outcomes mark an effort to shift the AU's peace and security approach from broad political commitments towards more measurable, coordinated and financed implementation, with the implementation of the Luanda Matrix likely to determine the practical impact.

INTERNATIONAL AFFAIRS UPDATES

SCO SLAMS IRAN STRIKES IN BISHKEK DECLARATION

- On 1 September, Indian Prime Minister Narendra Modi, Russian President Vladimir Putin and Chinese President Xi Jinping joined other leaders at the 26th meeting of the Shanghai Cooperation Organisation (SCO) Council of Heads of State in Bishkek, Kyrgyzstan;
- The 10-member grouping, now about a quarter-century old, accounts for roughly a third of world output on a purchasing-power basis. Leaders signed the Bishkek Declaration to mark that anniversary and set out positions on security, trade and connectivity;

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- On security, member states condemned military strikes on Iranian territory and said a comprehensive and just settlement of the Palestinian question was the only path to peace and stability in the Middle East;
- On the economy, eight members, Belarus, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Russia, Tajikistan and Uzbekistan, restated support for aligning the Eurasian Economic Union with China's Belt and Road Initiative. India again stayed out of that paragraph, the same reservation it has held since joining the SCO;
- The summit also adopted further documents on transport corridors, logistics and energy cooperation;
- The political signal is a shared line on Iran and Palestine. The practical follow-through, if any, will be in roads, rail, logistics and energy links, and in whether India and China can work around their split on Belt and Road.

G20 MINISTERIAL MEETING

- On 31 August and 1 September, the Group of Twenty (G20) members assembled in North Carolina to advance their Finance track priorities for 2026, and released the Chair's Statement, whose key focus was promoting global economic growth, improving the global sovereign debt architecture, and promoting financial sector innovation and regulatory modernisation, among other priorities;
- On global economic growth, countries agreed to ensure the smooth functioning of energy, food, fertilizer and critical minerals value chains, while also welcoming the potential for investment in artificial intelligence (AI), computing and digital infrastructure;
- The Chair's Statement also highlighted ongoing commitments to further strengthen the implementation of the G20 Common Framework, as well as the International Monetary Fund-World Bank Group 3-Pillar approach, in improving the global sovereign debt architecture;
- In addition to this the group reaffirmed their support of the Financial Action Task Force, which indicates increasing international promotion of anti-illicit financing and money laundering;
- Despite majority support, the statement failed consensus due to China disagreeing with points on paragraphs 4, 10, 11 and 13 of the statement, which touch on ongoing conflicts, global imbalances and debt sustainability, and indicates policy friction between the country and the vision of the forum;
- Simultaneously, the exclusion of South Africa for this year's G20 meetings remains a contentious issue, though the country is expected to reconvene participation in the next G20 hosted by the United Kingdom;
- Altogether, the meeting has implications for better cooperation within the value chains of the energy, food, fertiliser, and critical minerals sectors as well as investments in AI, computing, and digital infrastructure in the G20 countries, while also promising greater scrutiny of sovereign debt and the illicit trade.

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