



WEEKLY POLITICAL & ECONOMIC HIGHLIGHTS

16 OCTOBER 2026

LOCAL GOVERNMENT ELECTIONS WATCH



- On 10 October President Cyril Ramaphosa led the African National Congress (ANC) in door-to-door engagements in Botshabelo, Free State, and addressed residents about service delivery challenges.
- On 10 October, Democratic Alliance (DA) Federal Leader Geordin Hill-Lewis led the party's Western Cape rally at Erica Park Sports Ground in Belhar, emphasizing that 20 years of clean, stable DA governance has resulted in job creation, working infrastructure, and clean public spaces, thereby marking the final three-week push in the party's campaign.

ECONOMIC UPDATES

Eskom Seeks Partners for Renewable Energy Projects

- On 9 October, Eskom announced a partner-selection process for up to 6 gigawatts of renewable energy and storage projects, seeking private investment and expertise to expand cleaner electricity supply;
- The programme falls under Eskom Green, launched in June to develop renewable projects and help large electricity users reduce emissions. It supports the national Integrated Resource Plan 2025 and Eskom's ambition to deliver up to 32 gigawatts of renewable capacity by 2040;
- Eskom will contribute at least 2 gigawatts of solar projects and 1 gigawatt of battery storage with four-hour capacity, while partners may bring additional projects, alongside funding and technical expertise;
- The process will establish a five-year panel for future project opportunities. Contracts and funding will be settled for individual projects, while environmental approvals and grid connections remain in progress;
- The announcement follows government's 7 October proposal to prioritise battery storage and gas-to-power procurement to improve electricity availability when needed. Although separate processes, both reflect the pursuit of cleaner electricity alongside storage and reliable supply;
- The programme opens opportunities to invest alongside Eskom and could offer manufacturers and other large users another source of cleaner electricity, helping them reduce emissions from production and meet customers' emissions requirements.



IMF Outlook Forecasts 1% Growth for South Africa

- On 13 October, the International Monetary Fund (IMF) released its October World Economic Outlook, cutting South Africa's 2026 growth forecast from 1.1% to 1%;



- The report assesses global economic conditions every April and October, providing country forecasts and examining the risks shaping growth, inflation and employment;
- It kept its 2027 forecast at 1.3%, suggesting only a modest recovery next year;
- Furthermore, it expects growth to strengthen gradually over the medium term as policy frameworks improve and structural reforms continue;
- Meanwhile, inflation is forecast at 4.4% in 2026, easing to 3.9% in 2027, while unemployment is expected to remain high at 33.2% and 33%, respectively;

- For businesses operating in South African, the outlook points to slow sales growth as high unemployment and rising living costs constrain household spending, leaving businesses to absorb higher costs or risk losing customers by raising prices. A sustained recovery will require reforms that lower operating costs and encourage investment and job creation.

■ GOVERNMENT UPDATES

Free State Industrial Investment Programme

- On 9 October, President Cyril Ramaphosa launched the Free State's catalytic investment and industrialisation programme in Maluti-a-Phofung, outlining three projects intended to expand production and employment;
- Ramaphosa highlighted that the Maluti-a-Phofung Special Economic Zone plays a central role in the province's industrial expansion, linking industrial activity with agricultural producers, transport networks and markets;
- The proposed YJC renewable-energy project represents approximately R100 billion in investment, with the potential to create 6,500 jobs;
- Meanwhile, the planned R5.5 billion Joylong automotive project is expected to produce up to 8,000 electric vehicles annually and create 1,500 direct jobs over five years;
- The programme also includes a R330 million Walk of Life apple-juice concentrate plant, expected to create 100 permanent and approximately 600 seasonal jobs;
- To support these investments, Ramaphosa said government was committed to providing reliable electricity and water, functioning roads, safe industrial premises and efficient approvals;
- The programme could broaden the Free State's economy by processing more agricultural produce locally and expanding manufacturing. A broader industrial base could strengthen local suppliers and create jobs that support consumer spending.



IMC on Migration Holds Media Briefing

- On 11 October, the Inter-Ministerial Committee (IMC) on Migration held a media briefing on government's response to the Constitutional Court's asylum ruling and related unrest;



- The briefing followed overcrowding at refugee reception offices, related unrest and the 9 October withdrawal of Home Affairs' asylum-intake directive, citing capacity constraints and safety concerns;
- Home Affairs Minister Leon Schreiber clarified that the 7 July Constitutional Court ruling concerned access to asylum processing. However, it did not automatically grant refugee status or citizenship, and each claim must still be assessed;
- Government therefore intends to seek court supervision and additional time to strengthen processing capacity. Nonetheless, the existing court order remains binding, while a separate High Court hearing on conflicting asylum judgments is scheduled for 29 October;
- Meanwhile, Home Affairs plans an online registration and appointment system by 10 November, with biometric checks to verify identities and flag previously rejected applicants;
- The IMC clarified that registration receipts will not confer refugee status or constitute asylum-seeker visas;
- Concurrently, plans to move refugee reception centres towards ports of entry will begin with Beitbridge in December, while proposed legislation will address remote applications and the first safe country principle;
- The committee also confirmed that lawful deportations would continue. It reported 30 arrests across KwaZulu-Natal and Gauteng, and warned against violence, intimidation and online incitement;
- Heightened tensions over migration make lawful hiring and staff safety a greater priority for businesses. Employers should check employment eligibility carefully and plan for possible disruption, while avoiding blanket assumptions about foreign workers' status that could lead to unfair treatment or deepen tensions.

Mashatile addresses FEDUSA Congress

- On 14 October, Deputy President Paul Mashatile addressed the Federation of Unions of South Africa's (FEDUSA) eighth national congress;
- Deputy President Mashatile called for affordable electricity, job protection and workplace transformation;
- He said government was reviewing electricity pricing policy to balance affordability, reliable supply and industrial competitiveness;
- Meanwhile, he urged early engagement on alternatives to retrenchment, including retraining and redeployment, alongside faster support through the Temporary Employee/Employer Relief Scheme (TERS);
- He also urged unions to prepare for technological change and employers to address recruitment inequalities, pay disparities and skills gaps;
- For business, the address signals pressure to balance cost savings and technological change with job protection, making early union engagement important to avoiding disruption.



Constitutional Court Orders ANC Lists Reinstated

- On 15 October 2026, the Constitutional Court, by majority, upheld the African National Congress's (ANC) appeal against the Electoral Commission of South Africa (IEC), ordering the inclusion of 181 previously rejected candidates on the ballot for the 4 November Local Government Elections (LGE);



- The dispute arose after the ANC uploaded candidate details and paid deposits before the 28 August deadline but did not select "submit as final" on the IEC's online system, which the IEC and the Electoral Court treated as an incomplete submission, while the ANC argued the step was a software feature rather than a legal requirement;
- The Court set aside the Electoral Court's order and the IEC's rejection of the ANC's party lists and ward nominations in six municipalities (Port St Johns, Ingquza Hill, Mangaung, uMshwathi, Walter Sisulu and Sundays River Valley), directing the IEC to take all necessary steps to include the affected candidates, with reasons to follow at a later stage;
- Welcoming the judgment, the ANC maintained that its legal challenge was not intended to undermine the IEC and committed to cooperating with the Commission to implement the Court's order;
- The IEC welcomed the clarity provided and accepted its obligation to implement the ruling, saying it would reprint ballot papers where necessary. The DA, which opposed the appeal, had warned that relief for the ANC would require other parties' excluded candidates (about 2,274 across 45 parties) to be added too;
- The ruling leaves the IEC to reprint ballots within weeks of the election while the Court's reasons are pending and questions remain over implications for other affected parties.

COSATU Reconvenes 15th National Congress

- On 12 October 2026, the Congress of South African Trade Unions (COSATU) reconvened its 15th National Congress in Kempton Park after its September sitting collapsed over disputes about delegate credentials. Representing more than 1.5 million organised workers, the federation met to determine its political direction and elect new leadership ahead of the 4 November local government elections;
- This was COSATU's first National Congress since the South African Communist Party (SACP) decided to contest local elections independently of the African National Congress (ANC), placing the federation's relationship with its two Alliance partners at the centre of proceedings. Both parties were represented, but ANC National Chairperson Gwede Mantashe left without delivering his address after objecting to the ANC being scheduled to speak before the SACP. The dispute exposed tensions over the ANC's leadership role within the Alliance;
- Chief among the resolutions was COSATU's decision to support both the ANC and SACP in the 4 November elections, seeking to preserve worker unity despite the parties' electoral competition. The federation reaffirmed its commitment to the Alliance, while making political support conditional on advancing workers' interests. It also resolved to consult affiliates and Alliance partners on a coordinated electoral strategy, including where the two parties compete against each other;
- The broader resolutions reinforced COSATU's opposition to austerity, retrenchments and outsourcing. Congress called for progressive taxation, expanded social protection and increased public investment in energy, rail, water, municipal infrastructure and reindustrialisation; Congress elected former National Education, Health and Allied Workers' Union President Mike Shingange as COSATU President, succeeding Zingiswa Losi, who was elected General Secretary. The leadership transition therefore combines a new president with continuity through Losi's move into the federation's senior administrative and organisational role;
- Politically, the dual endorsement represents a compromise that manages COSATU's internal divisions without resolving the underlying ANC-SACP dispute. The ANC retains the federation's support but can no longer regard that support as exclusive, while the SACP gains organised labour's endorsement for its independent electoral participation. The practical test will be whether COSATU can translate this position into coherent campaigning where its Alliance partners compete for the same voters;
- For business, the resolutions signal continued pressure from organised labour against fiscal restraint, outsourcing and employment reductions, alongside demands for infrastructure investment and stronger worker protections;
- These positions do not themselves change government policy, but they point to potential friction over reforms involving private participation or workforce restructuring. The new leadership's ability to sustain a common position across divided affiliates will influence how effectively COSATU converts these demands into political and bargaining pressure.



■ LEGISLATIVE/REGULATORY UPDATES

Parliament Questions Eskom Tariff Increases

- On 13 October, the Standing Committee on Appropriations raised concerns over Eskom's proposed electricity tariff increases, warning of further pressure on households already facing high living costs and stagnant economic growth;
- Eskom proposed increases of 8.83% for direct customers and 8.84% for municipalities from 1 April 2027, subject to approval by the National Energy Regulator of South Africa (NERSA);

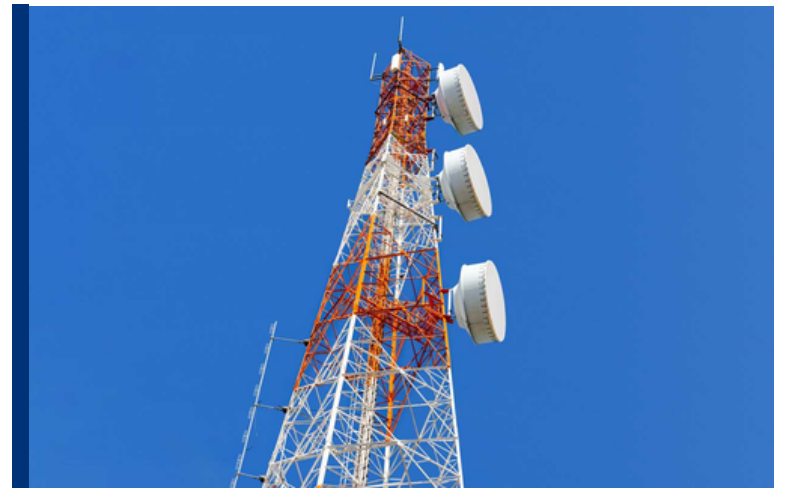


- Committee members questioned whether the increases were consistent with government's commitments to reducing poverty and unemployment, particularly as rising prices and interest rates continued to strain household affordability;
- The briefing also revealed that municipal debt owed to Eskom reached R122.5 billion in August 2026, with repayment arrangements for defaulting metropolitan municipalities dependent on sustained payments and compliance;
- Committee Chairperson Dr Mmusi Maimane called for closer scrutiny of NERSA's tariff-setting role and supported paying indigent electricity subsidies directly to Eskom to reduce administrative costs and improve revenue collection;

- Together, the proposed increases, municipal arrears and subsidy reforms highlight the policy challenge of sustaining Eskom's finances while keeping electricity affordable, with regulatory decisions shaping the balance between cost recovery and household support.

ICASA Faces Pressure Over Connectivity

- On 14 October, Parliament's Portfolio Committee on Communications and Digital Technologies questioned mobile operators' progress in meeting obligations to connect public service institutions (PSIs), such as schools and clinics, attached to the spectrum licences awarded in the March 2022 auction;
- The Independent Communications Authority of South Africa (ICASA) reported that operators had connected 10,851 of 21,878 targeted PSIs, representing 49.1% completion by March 2026, against an earlier ICASA expectation of 50% by March 2025;
- Vodacom, Telkom and Liquid had met the minimum 65% threshold of their respective targets, while MTN and Rain remained below the required level;
- Committee Chairperson Khusela Sangoni-Diko called for non-compliant operators to face ICASA's Complaints and Compliance Committee (CCC), urging ICASA to monitor milestones and intervene before prolonged non-compliance becomes entrenched;
- Separately, ICASA reported receiving 69 applications to zero-rate (make free to access without data charges) approved Public Benefit Organisation (PBO) content and .gov.za websites, approving 51 ahead of the obligation's January 2027 commencement;
- The committee's concerns highlight potential enforcement scrutiny of spectrum-licence conditions, while zero-rating implementation could influence operators' compliance costs and the affordability of access to public-interest digital services.



Benchmark Reform Faces Legislative Delays

- On 13 October 2026, National Treasury briefed Parliament's Select Committee on Finance on the General Finance Laws Amendment Bill, which would help manage the transition away from the Johannesburg Interbank Average Rate (JIBAR), an interest-rate benchmark used in loans and other financial contracts. JIBAR will cease publication after 31 December 2026;



- Financial contracts often calculate interest using a benchmark plus an agreed margin. The discontinuation of JIBAR therefore requires affected contracts to move to an alternative rate. Its preferred replacement, the South African Rand Overnight Index Average (ZARONIA), is based on actual overnight wholesale deposits placed with banks, supporting a more reliable, transaction-based benchmark;
- The main legislative concern is existing contracts that still reference JIBAR but lack adequate provisions specifying what happens when it becomes unavailable. Some are also difficult to amend, creating potential disputes over the applicable interest rate and amounts payable once JIBAR is discontinued. The Bill seeks to provide a legal mechanism for transitioning these contracts and reducing uncertainty for borrowers, lenders and other market participants;

- Under the proposed framework, the South African Reserve Bank would be empowered to designate replacement benchmarks and determine their application to affected existing contracts. It could also designate adjustment spreads to account for differences between the old and replacement rates. The Bill provides for consultation and limits certain liabilities arising from the use of designated replacements;
- Progress has been complicated by a separate provision in the same Bill proposing an amendment to the Public Procurement Act, which the Constitutional Court invalidated on 17 September 2026. Legal advisers recommended removing that provision so that the benchmark reforms could proceed independently. At the Standing Committee on Finance's 13 October meeting, this remained a recommendation awaiting formal consideration;

- The immediate concern is whether the legislation and operational preparations will be completed before JIBAR's year-end discontinuation. For businesses with JIBAR-linked borrowing or other financial contracts, the practical exposure depends on whether their agreements already provide an effective replacement rate. Legislative delays would increase uncertainty particularly for contracts that cannot transition smoothly through existing terms or negotiated amendments, potentially complicating interest calculations, payments and financial planning.

AFRICA WATCH

SADC and AfDB Deepen Strategic Partnership

- On 8–9 October, the Southern African Development Community (SADC) Secretariat and the African Development Bank (AfDB) held a Strategic Engagement Mission in Botswana to strengthen cooperation on regional integration, industrialisation, infrastructure and financing;
- The engagement aligned priorities under SADC's Revised Regional Indicative Strategic Development Plan (RISDP) 2020–2030 and the AfDB's evolving regional strategy;
- SADC Executive Secretary Elias Magosi emphasised processing the region's natural resources into higher-value products, alongside expanding manufacturing, innovation and regional production networks;
- Meanwhile, AfDB outlined how concessional loans, guarantees, blended financing and assistance with project preparation could help attract investment;
- Magosi also welcomed AfDB's backing to operationalise SADC's Regional Development Fund (RDF) and finance ministers' decision to resume annual consultations with the Bank's President;
- Closer cooperation could help infrastructure and industrial projects secure financing, creating opportunities for investors and suppliers. However, the engagement offers a signal of investment priorities rather than confirmed commercial opportunities, with no new funding commitments or delivery dates announced.



INTERNATIONAL AFFAIRS UPDATES

IMF Warns of Persistent Inflation Risks

- On Tuesday, 13 October 2026, the International Monetary Fund (IMF) released its World Economic Outlook, projecting global growth of 3.1% in 2026 and 3.4% in 2027;



- Global headline inflation is forecast to reach 4.7% in 2026 before easing, as Middle Eastern conflict, elevated energy costs and food-price pressures constrain economic stability;
- Oil prices peaked at US\$126 per barrel in March amid disruptions to the Strait of Hormuz, while Brent futures indicate US\$79 by end-2027;
- Although Gulf crude exports recovered to 88% of pre-conflict levels by September, depleted reserves, disrupted refining capacity and elevated shipping costs continue threatening petroleum-product supply;
- The IMF projects food prices to rise 5% in 2026, while wheat prices increased 22.7% between March and August and cocoa prices surged 83.6%;
- For South African businesses, persistent energy and agricultural input costs threaten transport, production and food affordability, while higher inflation could constrain monetary-policy flexibility and household demand.

US Sanctions Target ICC Operations

- On 9 October 2026, United States Secretary of State Marco Rubio announced sanctions against the International Criminal Court (ICC), escalating Washington's campaign against the institution;
- Rubio argued that the ICC threatens American sovereignty by pursuing United States personnel, reiterating that Washington does not recognise the Court's jurisdiction over its citizens;
- The measures prohibit transactions with the ICC and target its financial and operational resources, extending previous sanctions against individual judges and prosecutors to the institution itself;
- Rejecting the sanctions, the ICC described them as an assault on international law and judicial independence, pledging to continue its mandate impartially and on the basis of law and evidence;
- The European Union (EU) condemned the measures, arguing that the ICC's principle of complementarity recognises national judicial systems' primacy while preserving international accountability when domestic authorities cannot or will not prosecute serious crimes, while the United States delayed implementation of the latest measures for six months;
- The sanctions intensify pressure on the ICC's ability to operate, while the EU's commitment to protecting the Court and the six-month implementation delay leave scope for diplomatic engagement and continued international support.



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