

AFRICA RISK CONSULTING

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South Africa Summary 27 August 2024

Floyd Shivambu quits as the deputy leader of the opposition Economic Freedom Fighters (EFF) on 14 August and is appointed as the new uMkhonto weSizwe Party (MKP) national organiser. The EFF's influence is diminished in Johannesburg after a new agreement between the ruling African National Congress (ANC) and opposition ActionSA results in the ANC's Dada Morero being appointed as Johannesburg mayor. President Cyril Ramaphosa (2018-present) signs the Electricity Regulation Amendment Act into law on 16 August. The act could boost private electricity generation and construction sectors. Any boost to these sectors is welcome as Statistics South Africa (StatsSA) confirms on 13 August that unemployment worsened in the second quarter.

EFF deputy leader defects to the MKP

Opposition **Economic Freedom Fighters (EFF)** deputy leader **Floyd Shivambu** resigned as both an EFF member and as a member of parliament (MP) on 14 August to defect from the party to the **uMkhonto weSizwe Party (MKP)**.¹ This was an unexpected development that blindsided EFF leader **Julius Malema**. Shivambu and Malema had been closely allied ever since they were both members of the ruling **African National Congress (ANC)**. Shivambu served as the **ANC Youth League (ANCYL)** spokesperson when Malema was the organisation's president. The two men were jointly expelled from the ANC in 2012 and went on to form the EFF in 2013.

Shivambu's defection to the MKP has left both Malema and the EFF weakened. Shivambu was a strong organising and ideological force within the EFF. He drove the formation and oversight of the **EFF Student Command (EFFSC)** which is arguably the party's most successful body. Shivambu is further credited with drafting the EFF's party constitution and "*cardinal seven pillars*" which articulate the EFF's principles and ideologies.² Shivambu has since been appointed as the MKP's national organiser and is expected to drive similar policy creation within the official opposition.³

Malema initially attempted to be magnanimous about Shivambu's departure and the two men held a joint press conference on 15 August during which they reaffirmed their friendship and Malema claimed Shivambu would always have a home in the EFF.⁴ However, by 19 August it became apparent that Shivambu's defection caused a rupture in the men's relationship.

In a press conference, Malema made thinly veiled criticisms of Shivambu implying that he had betrayed the EFF and Malema himself.⁵ The EFF president further declared that much of the powers and duties of the party deputy presidency would be transferred to his office consolidating his control over the EFF. This development has seemingly exacerbated Malema's paranoia and he is wanting to strengthen his grip over the EFF. This will become more evident in the coming months ahead of the EFF's national congress in December and aspiring candidates will likely need to prove their loyalty to Malema to have any hope of securing any position within the EFF.

Shivambu's departure is believed to have been partially motivated by his growing resentment of Malema as he felt disrespected by Malema. This appears to have come to a head following the post-

¹ News24, 15 Aug 2024

² Daily Maverick, 15 Aug 2024

³ Daily Maverick, 22 Aug 2022

⁴ Daily Maverick, 15 Aug 2024

⁵ Daily Maverick, 20 Aug 2024

election coalition negotiations which Shivambu was ostensibly leading on behalf of the EFF. However, Malema went behind Shivambu's back and attempted to negotiate another deal which would secure him the deputy presidency, undermining Shivambu's position as chief negotiator. Shivambu reportedly also blames Malema for the EFF's negotiations with the ANC collapsing which resulted in the EFF being excluded from the so-called **Government of National Unity (GNU)**. Shivambu thus blames Malema for preventing him from securing the deputy finance minister position.

This development is also the latest blow to the EFF as a political movement. The EFF was already reeling from its poor general election performance which saw its support fall below 10% and the party lose five seats in the **National Assembly**.⁶ As a result, the EFF is now only the fourth-largest party in the National Assembly. Most notably, the EFF was surpassed by the MKP in **KwaZulu-Natal** province with its support falling in the province to 2.26% from 9.71% in 2019. Nearly all of these votes went to the MKP. This poor election result has raised questions about the EFF's longevity and ability to grow. Shivambu's departure will compound these concerns given that he is considered to be a shrewd politician who believes he has a better future within the MKP.

Former president **Jacob Zuma's** (2009-2018) MKP will be bolstered by Shivambu's defection as the former erstwhile EFF deputy leader has national name recognition and a personal political support base. Most importantly, Shivambu has experience developing and growing a political party – a skillset that is notably absent in the MKP which has primarily been a vehicle for Zuma's grievances and lieutenants.

As national organiser, Shivambu will have significant influence in the MKP and has the potential to be a powerful player in this party. He is also likely hoping to position himself as the heir apparent to the 82-year-old Zuma. Zuma is prohibited from elected office until 2028 at least as his 2021 contempt of court conviction falls under South Africa's law preventing convicted felons from competing in elections until five years after their sentence has ended. He is also constitutionally prohibited from being president again as he has already served two terms. As such, there is space for younger ambitious leaders to succeed.

However, Shivambu may struggle within the MKP, and his defection may eventually turn out to have been a miscalculation. The MKP is primarily a Zulu-traditionalist organisation and Zuma's word is law within the party. Shivambu is from **Limpopo** province and not ethnically Zulu and his Marxist policy views are unlikely to work well with the conservative traditionalism within the MKP. Shivambu will need to take care to avoid offending Zuma – a man he has repeatedly publicly insulted in the past – or risk losing his new political position.

Regardless, this development portends a growing power struggle between the two largest opposition parties in the National Assembly. Shivambu's defection has increased suspicion of the MKP within the EFF and will undermine future cooperation between the two. Malema is also now under pressure to provide a plan to return the EFF to growth or risk overseeing its continued decline.

ANC's Dada Morero returns as Johannesburg mayor

Compounding the EFF's woes, the party's influence in South Africa's commercial capital, **Johannesburg (Gauteng Province)**, has been diminished after an agreement between the ANC and opposition **ActionSA** resulted in the ANC's **Dada Morero** being reappointed as mayor on 16 August.⁷

Morero's election by the council came after his predecessor, **Kabelo Gwamanda** of the opposition **AI Jama-ah**, resigned on 13 August after being informed about the shift in the composition of the governing coalition.⁸ Gwamanda has since been appointed as the Member of the Mayoral Committee (MMC) for community development. Then-council speaker **Magaret Arnolds** from the opposition

⁶ IEC, 1 Jun 2024

⁷ EWN, 17 Aug 2024

⁸ EWN, 13 Aug 2024

African Independent Council (AIC) was demoted and appointed as finance MMC and ActionSA's **Nobuhle Mthembu** was subsequently appointed council speaker on 21 August.⁹

This development marks the sixth change in mayor in the city since the last local government elections in November 2021. Morero previously held the position for 25 days in 2022. This instability is the result of the lack of a clear cohesive majority coalition in the council. Before Morero, the two previous mayors – Gwamanda and **Thapelo Ahmed** – were both from Al Jama-ah which only holds three seats in the council. This was a result of the ANC and EFF allying in 2023 to oust the opposition **Democratic Alliance (DA)** from power in the municipality. However, neither the EFF nor ANC would agree to support the other's mayoral candidate leading to the appointment of weak compromise candidates such as Gwamanda and Ahmed being appointed to the office.

This new agreement between the ANC and ActionSA should stabilise the coalition government as between them, the two parties control 135 seats (or 50%) in the council. As such, Morero is secure in his position as long as Mthembu remains the speaker. This agreement should be held until the 2026 local government elections. It should be noted that this agreement is essentially a confidence and supply arrangement which will keep Morero in office and ensure Johannesburg's budget is passed. However, Morero will still need to lobby his wider coalition to pass any bills.

The ANC is the major winner of this agreement as it now has firm control over the mayoralty and is less dependent on its coalition partners. After Al Jama-ah the biggest loser is the EFF which has effectively lost its veto over council decisions.

A more stable municipal government led by the technocratic Morero should halt the deterioration of governance in Johannesburg. At the very least, this new agreement should provide sufficient stability and experience to ensure that civil service appointments are made, and processes adhered to. Morero is also under pressure from his party to measurably improve governance before the 2026 elections. The ANC's poor performance in the general election has alarmed the party and it is desperate to reverse this trend in the 2026 local government elections.

President signs new electricity bill into law

The ANC's new-found fear of losing power appears to have also motivated it on a national level. Illustrative of this President **Cyril Ramaphosa** (2018-present) signed the **Electricity Regulation Amendment Act** into law on 16 August.¹⁰ This key legislation has been promised ever since 2019 and is essential to addressing South Africa's perpetual electricity supply challenges.

The act provides for the creation of a competitive electricity market on the national transmission grid which will allow independent power producers to sell electricity directly to large consumers. It should be noted that this will not apply to households who, in practice, receive their electricity from their respective municipalities.

Influential figures within the ruling party have fought for the progress of this new law and the creation of such a market. Most notable among these opponents is mineral and petroleum resources minister **Gwede Mantashe**. Mantashe's obstructionism is likely the reason the energy portfolio was stripped from his department and handed to the newly created electricity ministry under **Kgosientsho Ramokgopa**. Previously the electricity minister has been a largely undefined role within the presidency.

Once fully operational, this new electricity market will incentivise the construction of more renewable energy plants which should provide a much-needed boost to the country's construction sector. It will also enable economic operators such as mines, manufacturers, farmers, and large retailers to secure power independent of state-owned utility **Eskom** without needing to develop their own embedded generation.

⁹ News24, 21 Aug 2024

¹⁰ The Presidency, 16 Aug 2024

This is particularly significant for the country's export industry as planned new regulations in major markets such as the **European Union (EU)** seek to account for emissions along the entire value chain of a product. This poses a significant threat to exporters in coal-dependent South Africa.

However, it is unclear when this market will be fully operational. The government still needs to take steps to implement the act such as updating other regulations, bringing the new transmission company into full functionality, and establishing processes for the market to function. Yet, the newfound urgency in Ramaphosa's government and the president's desperation to avoid the return of rolling blackouts should hasten this process.

Unemployment worsens

Ramaphosa should also push his government to bring the market online as any boost to the construction industry is urgently needed given South Africa's worsening unemployment crisis. The construction industry is among the few that can rapidly scale up employment, especially for so-called unskilled labourers.

According to **Statistics South Africa's (StatsSA)** latest **Quarterly Labour Force Survey (QLFS)**, which was released on 13 August, official unemployment deteriorated by 60 basis points in the second quarter (Q2) to 33.5% from 32.6%.¹¹ The expanded definition of unemployment which includes discouraged jobseekers is currently estimated to be 42.6% up by 70 basis points from 41.9% in Q1.

Such high unemployment rates seriously threaten South Africa's economic and political stability. The increasing rate of discouraged job seekers indicates that more South Africans are losing faith in the economy's ability to provide jobs.

These high unemployment rates will only be addressed through higher rates of economic growth - it is estimated that GDP growth of 5% or higher is required to achieve this. This is not feasible until South Africa manages to address major structural issues, most notably, the ongoing electricity supply and logistics crises. As such, the government needs to aggressively pursue policies which incentivise private sector investment and growth in sectors that drive employment such as the construction sector.

Planner

7 – 10 Oct 2024 **Cape Town (South Africa) Africa Oil Week 2024**

4 – 8 Nov 2024 **Cape Town (South Africa) Africa Energy Week 2024**

2025 **(South Africa) G20 Summit** (details still to be confirmed)

2026 **(South Africa) Municipal elections**

Chronology

26 Aug 2024 **Johannesburg (South Africa) EWN**. Opposition **ActionSA** files a complaint with the office of the public protector to investigate possible corruption claims against justice minister **Thembi Simelane** after investigative reports reveal she received a suspect loan from a company affiliated with corruption-tainted **VBS** bank;

25 Aug 2024 **Johannesburg (South Africa) News24**. Agriculture minister **John Steenhuisen** reveals that R500m (\$28.23m) is missing from the department's agriculture vaccine facility;

24 Aug 2024 **Polokwane (South Africa) News24**. Police in **Limpopo** province seize R1m (\$56,000) worth of illicit cigarettes and arrest three suspects;

¹¹ StatsSA, 13 Aug 2024

18 Aug 2024 **Johannesburg (South Africa) News24**. Ruling **African National Congress (ANC)** announces that it will deploy teams from its **National Working Committee (NWC)** to assess the party's provincial leadership in **Gauteng** and **KwaZulu-Natal (KZN)** where the party experienced its worst performance in the 29 July general election;

18 Aug 2024 **Johannesburg (South Africa) News24**. Health officials announce that the mpox outbreak in South Africa is under control with only two active infections out of the 24 confirmed cases to date;

15 Aug 2024 **Johannesburg (South Africa) News24**. The **National Prosecuting Authority (NPA)** announces that the 95 **Libyan** nationals arrested in **Mpumalanga** province in July for violating their visa conditions for receiving military training would be deported without charge;

15 Aug 2024 **Johannesburg (South Africa) Business Tech**. **Gauteng** premier **Panyaza Lesufi** delivers his **State of the Province Address (SOPA)** during which he reiterates his controversial ambition to start a province-owned bank;

13 Aug 2024 **Polokwane (South Africa) News24**. Ruling **African National Congress (ANC)** in **Limpopo** province rejects calls for it to remove its provincial deputy chairperson **Florence Radzilani** after she was accused of corruption related to the 2018 **VBS** bank scandal;

13 Aug 2024 **Pretoria (South Africa) EWN**. The **Department of International Relations and Cooperation (DIRCO)** confirms that South Africa's legal team is on track with preparing its case for the start of its genocide case against **Israel** on 28 October;

12 Aug 2024 **Bloemfontein (South Africa) News24**. **Moroadi Cholota**, the former personal assistant to former **Free State** provincial premier **Ace Magashule**, appears before the Free State high court in Bloemfontein after being extradited from the **United States (US)** on charges related to an allegedly corrupt R255m (\$14.37m) tender;

12 Aug 2024 **Johannesburg (South Africa) EWN**. The **Gauteng high court** in Johannesburg hears the initial arguments in the **uMkhonto weSizwe Party (MKP)** lawsuit seeking to ban the public broadcaster, the **SABC**, from using the phrase '**Government of National Unity (GNU)**' claiming it is a misleading term for the coalition government;

7 Aug 2024 **Johannesburg (South Africa) News24**. The **United Nations (UN) Security Council (UNSC)** votes to provide logistical and technical support to the South African-led **Southern African Development Community (SADC) Mission in the Democratic Republic of Congo (DRC) (SAMIDRC)** peacekeeping mission;

6 Aug 2024 **Cape Town (South Africa) EWN**. The **GOOD** opposition party appoints **Axolile Notywala** from fellow opposition party **RiseMzansi** as one of its Cape Town (**Western Cape Province**) municipal councillors in a sign of increased cooperation between the two.

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Please contact us by email info@africariskconsulting.com or call + 44 (0) 20 7078 4080

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