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African National Congress (ANC) president Cyril Ramaphosa consolidates his power in the South African government, removing many allies of South African President Jacob Zuma (2009-present) and calling for further investigations into and charges against those involved with the Gupta family and alleged state capture. Ramaphosa states that Zuma's departure "must be addressed". The Constitutional Court of South Africa finds that parliament failed to hold Zuma to account for his role in the Nkandla scandal and orders parliament to draft rules governing the circumstances under which Zuma can be removed from office. The ANC branch chairman in KwaZulu-Natal (KZN) province, Vincent Myeni, plans to serve an affidavit to the Pretoria High Court demanding that the results of the ANC's election of its national executive committee (NEC) in December be overturned. Ramaphosa says the implementation of expropriation of land without compensation could turn South Africa into "the Garden of Eden", though the policy must not harm the economy, making its implementation unlikely. The World Bank forecasts South Africa's economy to grow 1.1% in 2018, up from an estimated 0.8% in 2017.

Zuma's departure imminent as Ramaphosa consolidates power

African National Congress (ANC) president **Cyril Ramaphosa** has consolidated his power in the **South African** government, removing many of President **Jacob Zuma's** (2009-present) allies and calling for further investigations and charges against those involved with the **Gupta** family and alleged state capture. Ramaphosa stated on 14 January that Zuma's departure "*must be addressed*"¹ and that the ANC would address the issue "*as time goes on*",² acknowledging that "*it is a delicate matter. We should never humiliate President Zuma.*"³ However, Ramaphosa was reportedly angry that Zuma on 18 January appealed a court ruling that Ramaphosa, and not Zuma, should be allowed to appoint a new national director of public prosecutions.⁴

In response to Zuma's intention to appeal, Ramaphosa has initiated further moves reducing Zuma's influence. First, Ramaphosa and the national executive committee (NEC) suspended the provincial executive committees in **KwaZulu-Natal** and **Free State** on 19 January as the **Pietermaritzburg High Court** deemed that they were not properly elected.⁵ Both provinces are strongholds of Zuma allies.⁶ Ramaphosa also removed Zuma allies from the Criminal Intelligence division of the **South African Police Service (SAPS)**. Police minister **Fikile Mbalula** removed Zuma ally **Richard Mdluli** as Criminal Intelligence divisional commissioner on 17 January.⁷ Mdluli, suspended in 2011 following charges of intimidation, kidnapping, assault and murder, has received full pay since then and there have been 12 acting divisional commissioners.⁸ According to crime analyst, **Chris de Kock**, Mdluli's dismissal is a direct result of Ramaphosa's election as ANC president in December.⁹

¹ Times Live, 15 Jan 2018.

² Reuters, 14 Jan 2018.

³ Times Live, 15 Jan 2018.

⁴ Sowetan Live, 22 Jan 2018.

⁵ Bloomberg, 21 Jan 2018.

⁶ Bloomberg, 21 Jan 2018.

⁷ Mail & Guardian, 18 Jan 2018.

⁸ Mail & Guardian, 18 Jan 2018.

⁹ Business Day, 17 Jan 2018.

Despite ANC secretary-general and Zuma ally **Ace Magashule's** statement on 22 January that there was no timeline on removing Zuma,¹⁰ it appears that Ramaphosa is looking to remove any remaining power Zuma may have. Ramaphosa, as chair of the inter-ministerial committee on state-owned entity (SOE) reform, has made widespread changes at state-owned power company **Eskom**, which media and opposition members have generally viewed as a tool to enrich Zuma and his allies.¹¹ The swift changes at Eskom are reportedly due to Zuma's desire to make significant changes to leadership structures at the state-owned enterprise.¹² The minister of public enterprises, **Lynn Brown**, stated on 20 January that the government had removed immediately the following members from Eskom: acting CEO **Sean Maritz**; head of generation, **Mashelo Koko**; and suspended chief financial officer, **Anoj Singh**.¹³ Eskom chair, **Zethembe Khoza**, resigned on 19 January stating that it was "*in the interest of the country*".¹⁴ Those removed reportedly faced allegations involving the Guptas.¹⁵ The new 13-member board of Eskom includes:¹⁶

- **Jabu Mabuza** (chair)
- **Sifiso Dabengwa**
- **Sindi Mabaso-Koyana**
- **Mark Lamberti**
- **Tshepo Mongalo**
- **Malegapuru Makgoba**
- **Busisiwe Mavuso**
- **Nelisiwe Magubane**
- **Rod Crompton**
- **George Sebulela**
- **Pulane Molokwane**
- **Banothile Makhubela**
- **Jacky Molisane**

Following the appointment of the new board, Eskom stated it would ask local banks to reopen lending facilities of up to R20 billion (\$1.66 billion) to drag itself out of its financial crisis.¹⁷ Eskom reportedly only has R1.2 billion (\$100m) in reserves, though Eskom's target reserves are R20 billion (\$1.66 billion).¹⁸ Eskom plans to publish its financial results by the end of January in a move to prevent the **Johannesburg Stock Exchange** suspending its publicly traded bonds at the end of January.¹⁹

Finally, Ramaphosa has ordered further investigations into alleged corruption surrounding the Zuma-linked Gupta family. South Africa's **Asset Forfeiture Unit (AFU)**, a unit of the **National Prosecuting Authority (NPA)**,²⁰ confirmed on 16 January that it had obtained a preservation order against **United States (US)**-based consulting firm **McKinsey**, and Gupta-linked **Trillian Capital Partners**, and is investigating 17 matters that involve R50 billion (\$4 billion) in suspected criminal profits.²¹ The investigations are being conducted with Ramaphosa's backing:²²

*"We welcome the actions that [the AFU] are beginning to take, and want them to act with urgency to increase the tempo of the actions that need to be taken. The freezing of assets is an important component of this, but we want to see a lot more. It is unacceptable, totally unacceptable, that SOEs that are owned by the nation and that were set up to advance the interests of our people on a collective basis have been hijacked and captured by certain interests. It is good now that the whole thing has come out in the open, and emails helped."*²³

The preservation order against McKinsey and Trillian prevents an individual or company from disposing or removing any assets which may hinder the full collection of tax due.²⁴ The AFU obtained

¹⁰ Sowetan Live, 22 Jan 2018.

¹¹ Fin24, 20 Jan 2018.

¹² eNCA, 21 Jan 2018.

¹³ Fin24, 20 Jan 2018.

¹⁴ Fin24, 20 Jan 2018.

¹⁵ EWN, 22 Jan 2018.

¹⁶ EWN, 22 Jan 2018.

¹⁷ IOL, 22 Jan 2018.

¹⁸ New Age, 14 Nov 2017.

¹⁹ IOL, 22 Jan 2018.

²⁰ Daily Maverick, 16 Jan 2018.

²¹ Daily Maverick, 16 Jan 2018.

²² Citizen, 19 Jan 2018.

²³ Ramaphosa quoted in Citizen, 19 Jan 2018.

²⁴ South African Institute of Chartered Accountants, Oct 2014.

a high court order on 14 December allowing it to seize and preserve R1.6 billion (\$132m) from McKinsey and Trillian over a controversial deal with Eskom.²⁵ McKinsey stated that it is ready to repay the funds from the controversial deal.²⁶ McKinsey alleges that it did nothing wrong, but would return the funds because Eskom did not secure necessary approval from the national treasury and thus the funds would be returned to the South African public.²⁷ Trillian has also reportedly co-operated.²⁸ AFU acting head of operations **Knorx Molelle**, said:

*"We are quite confident that, in the next day or two, we would have recovered the funds that have been taken away. If there is a willingness with those that we are dealing with that they are prepared to make good, the actual physical removal will be a last resort."*²⁹

While the preservation order was obtained during the tenure of former NPA head, **Shaun Abrahams**, a senior official at the AFU stated that,

*"Shaun only succumbed to the pressure because he was threatened with court action which was going to embarrass him as a Zuma stooge. It is the beginning of the closing of the net, but it is not evidence of Shaun Abrahams's work ... It is well known that Shaun Abrahams has been blocking this event."*³⁰

What options are available to remove Zuma?

There are media reports that if Zuma is removed, Ramaphosa would take control of the government immediately rather than appoint an interim president until the 2019 elections.³¹ Doing so would not affect Ramaphosa's two terms in office, as section 88(2) of the constitution states:

*"No person may hold office as President for more than two terms, but when a person is elected to fill a vacancy in the office of President, the period between that election and the next election of a President is not regarded as a term."*³²

While Ramaphosa can constitutionally become South African president, he must first remove Zuma. There are four options to do this: Zuma can resign; the **National Executive Committee (NEC)** can recall Zuma as president, as it did with President **Thabo Mbeki** (1999-2008) in 2008; Zuma can be impeached through the national assembly; or Ramaphosa can wait until May 2019 when Zuma's term ends naturally.

*"Zuma will want to find an exit in which he is protected from any future prosecution and which will also maintain his presidential pension in an attempt to sort his financial issues. Ramaphosa will want to find a way to get rid of Zuma without fracturing the ANC."*³³

Resignation

Several sources have said Zuma's departure is imminent and that the NEC is pressuring him to resign. While this would be a clean transition for Ramaphosa, Zuma would want concessions for his resignation. Media reports claim Zuma has attempted to keep his base in power, allegedly wanting his ex-wife and Ramaphosa's opponent for ANC president, **Nkosozana Dlamini-Zuma**, to be appointed as deputy president if he were to resign, though the presidency denied these reports on 14 January.³⁴ Zuma has lost much of his presidential influence and power as Ramaphosa is responsible for choosing

²⁵ Daily Maverick, "Newsflash: Asset Forfeiture Unit eyes R50-billion in state capture loot", www.dailymaverick.co.za, 16 Jan 2018.

²⁶ Daily Maverick, "Newsflash: Asset Forfeiture Unit eyes R50-billion in state capture loot", www.dailymaverick.co.za, 16 Jan 2018.

²⁷ Daily Maverick, "Newsflash: Asset Forfeiture Unit eyes R50-billion in state capture loot", www.dailymaverick.co.za, 16 Jan 2018.

²⁸ News24, "R50bn expected to be seized in 17 state capture cases – AFU", www.news24.com, 16 Jan 2018.

²⁹ News24, "R50bn expected to be seized in 17 state capture cases – AFU", www.news24.com, 16 Jan 2018.

³⁰ Times Live, "Revealed: how Shaun Abrahams was forced to act on Guptas", www.timeslive.co.za, 21 Jan 2018.

³¹ Times Live, 15 Jan 2018.

³² South Africa constitution, 1996.

³³ Source, senior university lecturer, Cape Town

³⁴ Times Live, 14 Jan 2018.

the new national prosecutor,³⁵ and has already begun meeting with treasury officials to discuss the funding of higher education,³⁶ further highlighting his desire to take control of government matters.

Recall

The NEC has met several times since Ramaphosa was elected, which has led to rumours before each meeting that Zuma would be recalled.³⁷ This has yet to happen, which may be due to the rift it might cause among ANC members:

*“This does not mesh well with Ramaphosa’s goal of increasing the ANC’s seats in the national assembly and winning back **Johannesburg, Pretoria** and other metros in [the] 2019 [elections].”³⁸*

Ramaphosa has the numbers to recall Zuma. **Mpumalanga Province** premier **David Mabuza**, who was seen as a Zuma supporter, is likely to side with Ramaphosa as he considers his own presidential ambitions in 2029. A recall may be more likely if Zuma does not agree to resign, though Ramaphosa will determine if the ANC would be hurt less by a recall of Zuma, in which the ANC and Ramaphosa would be seen as responsible for removing Zuma, or to allow impeachment, in which the opposition would be perceived as being more responsible.

Impeachment

Ramaphosa may be more comfortable in letting legal instruments, such as the **National Assembly** (lower house of parliament), remove Zuma, although Zuma would then lose his presidential pension. Zuma’s hand was further weakened as the **Constitutional Court of South Africa** found on 29 December that parliament failed to hold Zuma to account for his role in the **Nkandla** scandal and ordered parliament to draft rules governing the circumstances under which Zuma could be removed from office.³⁹ The constitutional court came to a majority ruling that *“the assembly did not hold the president to account as was required”*, though chief justice **Mogoeng Mogoeng** disagreed with the judgement, labelling it as *“a textbook case of judicial overreach”*.⁴⁰

While Zuma did repay 7.81m rand (R) (\$566,000) for the Nkandla upgrades in 2016 as ordered by the constitutional court, three opposition parties – the **Economic Freedom Fighters (EFF)**, **United Democratic Movement (UDM)**, and the **Congress of the People (COPE)** – argued that parliament was in violation of its constitutional obligation to hold Zuma to account.⁴¹ The three opposition parties filed a lawsuit to compel the matter and the ruling will lead to parliament outlining a procedure to implement section 89 of the constitution, which enables parliament to remove the president.⁴² There have been six opposition party attempts to impeach Zuma through a vote of no-confidence, but all have been defeated by the ANC parliamentary majority, which has led to the lawsuit that parliament has acted unconstitutionally by not investigating Zuma’s unconstitutional conduct.⁴³ EFF secretary-general **Godrich Gardee** stated that the EFF will press for another impeachment proceeding once parliament reconvenes on 8 February.⁴⁴ A parliamentary spokesperson stated that its rules committee *“had already initiated a process”*⁴⁵ to outline a procedure for impeachment.⁴⁶

³⁵ The South African, 13 Dec 2017.

³⁶ Times Live, 15 Jan 2018.

³⁷ Multiple sources: News24, 19 Jan 2018; Mail & Guardian, 10 Jan 2018; News24, 13 Jan 2018; Eyewitness News, 4 Jan 2018.

³⁸ Source, academic, Cape Town

³⁹ Moneyweb, 29 Dec 2017.

⁴⁰ Moneyweb, 29 Dec 2017.

⁴¹ Moneyweb, 29 Dec 2017.

⁴² Moneyweb, 29 Dec 2017.

⁴³ New York Times, 29 Dec 2017.

⁴⁴ New York Times, 29 Dec 2017.

⁴⁵ The Guardian, 29 Dec 2017.

⁴⁶ The Guardian, 29 Dec 2017.

Zuma also opened an inquiry into state capture after he lost a separate court case in which the **North Gauteng** high court rejected his attempts to block an inquiry into the report of former public protector **Thuli Madonsela** on 'state capture'.⁴⁷ The high court demanded that Zuma set up an inquiry within 30 days.⁴⁸ While the ANC said it welcomed the ruling, Zuma has reportedly moved to appeal the ruling, which may signal divergent interests between the president and the party.⁴⁹

Allow Zuma to finish his term

Allowing Zuma to finish his term naturally appears to satisfy both conditions: Ramaphosa does not risk fracturing the ANC, but is able to run the government which allows for a stable market, and at the same time Zuma may be able to sort out his financial and tax issues, as well as prepare for any trial relating to his corruption charges. While the best option may appear for Zuma to appear as a figurehead president until the end of his term in 2019, inside sources appear to believe that there is imminent pressure on Zuma to resign before the State of the Nation Address in February, even if this is not in Zuma's interest.

It is unlikely that Zuma, who faces a raft of corruption charges and financial issues, will leave office without a promise of immunity for himself and his allies, which includes Dlamini-Zuma. EFF leader **Julius Malema** has also said he believes Zuma will step down on condition that he and his family are granted immunity from state capture allegations, but that the EFF would contest any form of immunity for Zuma and his family.⁵⁰ So even if Zuma has little to gain from stepping down early and wants to continue his term as president while negotiating an exit after the 2019 elections, there is too much pressure from the ANC elite to move the narrative away from Zuma, and towards Ramaphosa ahead of the 2019 elections.

ANC NEC election results face court challenge

The ANC branch chairman in **KwaZulu-Natal (KZN)** province, **Vincent Myeni**, plans to serve an affidavit to the **Pretoria High Court** demanding that the results of the ANC's election of its national executive committee (NEC) in December be overturned, according to media reports on 7 January.⁵¹ While it is unlikely that the high court will overturn the elections, it is a signal that supporters of Dlamini-Zuma and President Zuma are willing to fight, and potentially hurt the ANC, to try to change the election results. As stated above, Zuma's concern about potential criminal and financial implications after his presidency may push him and his supporters to remain in power for as long as possible, even if it is not in the best interests of South Africa.

Myeni, who is the **Msunduzi** subregion **Ward 32** branch chairperson in KZN's **Moses Mabhida** region, alleges that there was election manipulation, fraud, and undeclared conflict of interest between an ANC official who supported Ramaphosa and a director of **The EleXions Agency**, which facilitated and managed the ANC's voting process.⁵² Myeni, as well as other ANC officials in KZN, including KZN premier **Willies Mchunu**, allege that there were issues with The EleXions Agency from early December when KZN branch nominations were announced.⁵³ ANC members, who supported Ramaphosa's opponent, Dlamini-Zuma, reportedly disagreed with the number of nominations Dlamini-Zuma received from KZN, leading to a recount and an increased number of nominations for Dlamini-Zuma.⁵⁴ Myeni states this shows a lack of legitimacy of the electoral process and thus the need for a new election.⁵⁵ It is uncertain whether Myeni has yet to submit his affidavit.

⁴⁷ News24, 22 Dec 2017.

⁴⁸ New York Times, 29 Dec 2017.

⁴⁹ New York Times, 29 Dec 2017.

⁵⁰ Huffington Post, 8 Jan 2018.

⁵¹ IOL, 7 Jan 2018.

⁵² IOL, 7 Jan 2018.

⁵³ IOL, 7 Jan 2018.

⁵⁴ IOL, 7 Jan 2018.

⁵⁵ IOL, 7 Jan 2018.

Ramaphosa states support for expropriation of land without compensation

ANC president Cyril Ramaphosa is making government policy statements despite not being the South African president. Ramaphosa stated on 7 January that the implementation of expropriation of land without compensation could turn South Africa into “*the Garden of Eden*”.⁵⁶ Any move by the ANC to expropriate land without compensation is likely to unnerve investors, even if it is politically popular. If the ANC proceeds with the expropriation policy, it would likely need to do so before the 2019 elections as the ANC may not gain the required majority needed to amend the constitution. Ramaphosa made the comment in KZN while addressing King **Goodwill Zwelithini**, the king of the **Zulu** nation.⁵⁷ Ramaphosa stated that,

*“In fact, it is possible for us to begin a process of working the land and improving agriculture – making it a very successful factor in our country. We can make this country the Garden of Eden.”*⁵⁸

The ANC reportedly made a decision at its conference in December that it would support the expropriation of land without compensation.⁵⁹ While Ramaphosa appears willing to move quickly to assume the presidency as soon as possible, it is unclear when Ramaphosa and the ANC would begin any form of land expropriation.⁶⁰ However, Zwelithini stated that only a small proportion of South Africans have had their land returned to them and that they “*look to [Ramaphosa] to act ... with speed.*”⁶¹

The support may also be to appease the ANC’s rural base which is pro-Zuma. The land expropriation statement also noted that expropriation must pass a sustainability test to not hurt food security or undermine the economy.⁶² While there may be arguments that food security could be improved, there are few arguments that expropriation without compensation will not hurt the economy as investors may fear that the policy will move to other sectors of the economy. Thus, while politically popular, it is unlikely that Ramaphosa will willingly enable the expropriation policy.

World Bank forecasts 1.1% economic growth in 2018

The **World Bank** forecast on 10 January that South Africa’s economy will grow 1.1% in 2018, up from an estimated 0.8% in 2017.⁶³ The increased growth is due to resurgence in commodity prices but also an expectation that President Zuma is likely to be removed from office. While Zuma has yet to be removed from office, the market has remained stable as investors are confident that, even if not in power, Ramaphosa has taken the reins of the economy and political direction while Zuma remains a figurehead president. South Africa’s economy is forecast to continue to recover and to grow by 1.7% in both 2019 and 2020.⁶⁴

*“The recovery is expected to solidify, as improving business sentiment supports a modest rise in investment. However, policy uncertainty is likely to remain and could slow needed structural reforms.”*⁶⁵

The World Bank’s estimates are less positive than those of finance minister **Malusi Gigaba**, who stated on 11 January that,

⁵⁶ News24, 7 Jan 2018.

⁵⁷ News24, 7 Jan 2018.

⁵⁸ News24, 7 Jan 2018.

⁵⁹ IOL, 7 Jan 2018.

⁶⁰ The South African, 8 Jan 2018.

⁶¹ Mail & Guardian, 7 Jan 2018

⁶² EWN, 22 Dec 2017.

⁶³ Business Tech, 10 Jan 2018.

⁶⁴ Business Tech, 10 Jan 2018.

⁶⁵ Business Tech, 10 Jan 2018.

“...the capacity of the South African economy’s growth levels far exceeds the targets we have set ourselves. We can even grow at more than 2%. There are certain decisions we need to take, and if we take them, the economy can exceed our expectations this year.”⁶⁶

Gigaba did not elaborate on what these decisions refer to.⁶⁷

While South Africa’s economy is forecast to grow in 2018, the 1.1% growth rate is one of the lowest in **Africa**. Only **Equatorial Guinea** and **Zimbabwe** are predicted to have lower growth rates in 2018.⁶⁸ South Africa’s low growth rate will constrain overall economic growth for Africa.

Planner

May 2019: Next presidential election

Feb 2018: Finance minister to deliver 2018/2019 budget

8 Feb 2018: Parliament opens

5-8 Feb 2018: Mining Indaba in Cape Town

Chronology

21 Jan 2018 **Johannesburg (South Africa) News24**. Eskom executives removed and a new board appointed, chaired by **Jabu Mabuza**;

18 Jan 2018 **Cape Town (South Africa) News24**. The **African National Congress** in the **Western Cape** will request a commission of inquiry to establish whether the Western Cape government and the city of **Cape Town** ignored warnings of diminishing water resources;

15 Jan 2018 **Cape Town (South Africa) News24**. **National Prosecuting Authority** serves a preservation order on **Trillian Capital Partners** and **McKinsey** for assets worth R1.6 billion;

14 Jan 2018 **East London (South Africa) IOL**. **African National Congress (ANC)** supporters boo President **Jacob Zuma** (2009-present) at the ANC’s 106th birthday celebrations;

13 Jan 2018 **Johannesburg (South Africa) News24**. **Economic Freedom Fighters** supporters ransack **H&M** clothing stores after H&M unveils reportedly racist advertisement;

11 Jan 2018 **Johannesburg (South Africa) EWN**. The **South African Reserve Bank** (central bank) announces it will leave interest rates unchanged, leaving the rate at 6.75%;

9 Jan 2018 **Johannesburg (South Africa) News24**. President **Jacob Zuma** announces establishment of commission of inquiry into state capture allegations;

28 Dec 2017 **(South Africa) Engineering News**. **South Africa’s** trade surplus reaches R13 billion (\$1.1 billion) in November;

21 Dec 2017 **Johannesburg (South Africa) Reuters**. Investor **Christo Wiese** sells 1.1 billion rand (\$87m) worth of shares in supermarket group **Shoprite Holdings Ltd**;

21 Dec 2017 **(South Africa, Zimbabwe) ANA**. President **Emmerson Mnangagwa** makes his first state visit as president, meeting with President **Jacob Zuma**;

⁶⁶ Cape Business News, 14 Jan 2018.

⁶⁷ Cape Business News, 14 Jan 2018.

⁶⁸ News24, 10 Jan 2018.