



SOUTH AFRICA

December 2023

SELECTED SOCIO-POLITICAL AND SECURITY TRENDS

Coalition Politics

A proposal by the ruling African National Congress (ANC) to terminate all local government coalition agreements with the Economic Freedom Fighters (EFF) will soon be reviewed by the National Task Team on Coalitions.¹

With national elections looming – expected to take place somewhere between May and the middle of August next year – questions about whether this policy guideline will help or hinder the ANC’s chances of re-election arise.

It has been widely reported in the South African media that not everyone in the ANC’s National Executive Committee (NEC) supports a coalition with the EFF. Tensions are highest in Ekurhuleni, a metro in the east of Gauteng province, where the ANC and EFF have a power-sharing agreement. Municipal leaders are at loggerheads with allegations of corruption coming from both sides.

Perhaps the most scathing assessment of the fraught relationship came from the ANC’s head of political education, David Makhura, during the NEC’s sitting in October 2023. Makhura referred to the EFF in a document as a “proto-fascist party, run dictatorially”, adding that the coalition was damaging the ANC’s brand.

With a split at local government level highly likely, the jury is out on whether a potentially messy separation from the EFF would impact the ruling party’s prospects of re-election when South Africans head to the polls next year.

“As we move to 2024, the ANC has its back against the wall,” political analyst Levy Ndou notes. “While at an ideological level, there are similarities, at a personality level these parties don’t

¹ <https://www.theafricareport.com/327308/south-africa-could-rifts-in-local-coalitions-bode-ill-for-anc-2024-election-prospects/>

agree.” Ndou maintains that both parties have work to do and that the rift at local government level poses an uphill battle.

Comment: There is no clear path to victory for the governing party, which recently polled below 50% in multiple surveys. Many senior leaders in the party seem intent on avoiding a coalition with the EFF, even if it implies relegating the ANC to the opposition benches. However, there is also a strong faction that has a very different opinion, including Gauteng Premier, Panyaza Lesufi. They argue that the ANC shares more principles and values with the EFF than with, for instance, the Democratic Alliance (DA).

Other reports predict that comments by Lesufi that a national minister’s ‘days were numbered’ because of his refusal to legally recognise Gauteng’s crime prevention wardens might open another front in the contestation between the national ANC and its provinces. There is growing evidence that Lesufi and the Gauteng ANC are prepared to disobey decisions of the national ANC if they believed that would help keep them in power.

Recently, ANC First Deputy Secretary General Nomvula Mokonyane picked up where President Cyril Ramaphosa had left off at Mangosuthu Buthelezi’s funeral in September 2023 when he said, “It is important that we fulfil the wishes he (Buthelezi) had for a sustainable and durable reconciliation, not only between the IFP and the ANC, but amongst all of us as the people of South Africa.” IFP President, Velenkosini Hlabisa, responded to Mokonyane’s gesture, saying: “The IFP extends its hand so that we open the discussions, so we heal the past.”²

However, scars remain in many communities, dating from the IFP-ANC conflict in KwaZulu-Natal that also rippled along the traditional migrant routes to Gauteng’s hostels where IFP supporters organised themselves against the United Democratic Front’s self-defence units. Following Buthelezi’s funeral, initial steps towards this reconciliation faltered when the ANC delegated responsibility for this, much to the IFP’s chagrin.

Comment: Recent polling signals a real possibility of shifts in the upcoming elections in KwaZulu-Natal, which could make kingmakers of the IFP. Many experts credit the Multi-Party Charter coalition agreement with a real chance in that province.

However, if, for example, the DA insists on its premier candidate without having clinched a majority of votes, it might become a coalition deal-breaker, even if the IFP is a founding member of the Multi-Party Charter. Recently, the IFP stepped out of the Multi-Party Charter line when it supported the new Public Protector Kholeka Gcaleka’s selection in parliament.

Other reports indicate that nothing would stand in the way of the ANC offering the IFP, for example, the KwaZulu-Natal premiership and perhaps a cabinet position or two at national level. Permutations may also involve Gauteng, where the ANC is, across surveys, expected to lose control. With the ANC-EFF cooperation apparently breaking up, the IFP may present a more palatable option. It is understood that there is little appetite within the IFP for working with the ANC, but here, the ANC-IFP reconciliation overtures could become an important development –

² <https://www.dailymaverick.co.za/article/2023-11-09-ifp-charts-new-course-without-founder-mangosuthu-buthelezi/>

and that is the importance of Mokonyane’s renewed outreach at the memorial for Buthelezi. Reconciliation does not, however, equate to a merger – or even to cooperation.

Political Violence³

With national and provincial elections only a few months away, contract killings are again escalating, especially in the volatile province of KwaZulu-Natal, where trained assassins have been making their presence felt in the taxi industry, across the political spectrum; over tenders and jobs in municipalities; and in other areas such as business, to settle disputes through targeted violence.

Some 54 councillors and 103 municipal workers have been gunned down in political killings in South Africa since 2000. Observers point out that a lack of political will to prosecute the murderers doesn’t bode well for 2024. Elected mayors and political party position holders are also in the gunmen’s shooting range.⁴

Contract killings in South Africa are procured according to a sliding scale of payment, a 2021 report by the Global Initiative Against Transnational Organized Crime showed. The prices ranged between “\$145 and \$8,690” (roughly R2,600 and R156,000). The bounty for the head of a councillor or politician is set between R20,000 and R40,000 (\$1,000-\$2,000).

Comment: The reasons for councillors’ killings in South Africa are multi-dimensional. At the heart of these murders is a battle for self-enrichment and the ability to plunder taxpayers’ money in an increasingly impoverished South Africa where official, well-paying jobs are scarce. Being a councillor allows one to adjust lucrative municipal contracts, hire friends or relatives for jobs, and demand bribes. The ANC party bears the burden of the largest share of assassinated councillors. Local media reports show the gunmen are often hired by fellow party activists who want to silence rivals or successors.

A judicial inquiry into councillors’ political killings was completed five years ago. To date, no remedies have been taken, observers say, because some top-level political decision-makers in South Africa are said to have funded the hitmen. The ‘Moerane Commission’ into political killings in KZN province recommended that allegations of corrupt activities and criminal acts by politicians, public officials and businesspeople must be investigated and prosecuted to avoid establishing a culture of impunity.

Cabinet Reshuffle Likely

President Ramaphosa is reportedly under pressure to reorganise his executive because of severe budget constraints. He reportedly plans on cutting down on work duplication and improving efficiency in the face of the energy crisis, by creating separate ministries for mining and energy and abolishing the portfolio for state-owned companies.

³ <https://www.dailymaverick.co.za/article/2023-11-11-assassination-nation-political-contract-killings-escalate-in-kzn-as-hitmen-are-offered-job-after-job/>

⁴ <https://www.theafricareport.com/327261/south-africa-councillors-political-murders-at-crisis-level-as-2024-looms/>

According to Africa Intelligence, mineral resources look set to remain under the control of Gwede Mantashe, who will, however, lose his jurisdiction over the energy sector. The man who owes his influence to his position as ANC chairman has accepted the principle of this redistribution and the creation of a separate energy ministry.

Mantashe is a former mining trade unionist who is much more interested in defending South African coal mining activities than in the development of gas projects or the green energy transition. He has never forged strong links with oil operators (TotalEnergies and Shell in particular) and, at the same time, he has faced a great deal of criticism from environmental groups, who are particularly opposed to drilling projects in South African waters.

Tired of these oil and gas issues, Mantashe will leave them in the hands of Kgosisentsho 'Sputla' Ramakgopa, who is the current minister of electricity in the president's office. For the time being, Ramakgopa's mission is limited to the urgent measures to be taken to alleviate the country's electricity supply crisis. He is therefore perceived more as a "project manager" than a real minister. This is even more so as the national electricity company Eskom is under the supervision of another ministry: that of Public Enterprises, headed by Pravin Gordhan.

Weakened by health problems, Gordhan appears unlikely to be reappointed in Ramaphosa's future government. The president plans to do away with his portfolio, in place since 1999, but whose existence has been called into question many times in recent years. Its abolition will also enable other ministries to regain control of national companies, including Transnet, which will be placed under the authority of the minister of transport.

Mistrust in Public Enterprises Minister Gordhan was on full display at the NEC in October 2023, when a report he presented on the state of parastatals under his watch was deemed inadequate. Gordhan was told to go back to the drawing board and return with a fuller diagnosis of the problems plaguing state-owned enterprises (SOEs) at the next NEC meeting.

Comment: President Ramaphosa is likely to begin his second term as national president facing two contradictory realities: his own position within the ruling party is much stronger than five years ago, but the ANC is weaker than it was before the previous national elections. Which reality would influence Ramaphosa most is not 100% clear, but we expect a relatively conservative cabinet reshuffle, maybe more so than objective conditions demand. However, should the ANC be forced into a coalition, especially with the EFF, Ramaphosa might face additional considerations when forming his executive.

Basel Anti-Money-Laundering Index

The 2023 Basel Anti-Money-Laundering (AML) Index, released on 13 November, ranks South Africa in 44th position out of 152 countries (1=high risk; 152=low risk). In 2022, the country was ranked 39th out of 128 countries. The Basel AML Index measures the risk of money laundering and terrorist financing (ML/TF). Risk, as measured by the Basel AML Index, is defined as a

jurisdiction's vulnerability to ML/TF and its capacities to counter it; it is not intended as a measure of the actual amount of ML/TF activity in a given jurisdiction.

South Africa's score is 5.85 (0 –10 system, where 10 indicates the highest risk level). The three best performers are Iceland, Finland and Estonia. The three worst performers are Haiti, Chad and Myanmar. In the Southern African region, Namibia and Botswana received better rankings than South Africa. (See: <https://index.baselgovernance.org/>).

Comment: Earlier in 2023, South Africa was grey listed by global financial crime watchdog, the Financial Action Task Force (FATF), for not fully complying with international standards around the prevention of money laundering, terrorist financing and proliferation financing. South Africa has a relatively high volume and intensity of crime, with more than half of the reported crimes falling into categories that generate proceeds from crimes such as tax crimes, bribery and corruption, fraud, trafficking in illicit drugs and other environmental crimes.

As a result of South Africa's geographical location and of it being the regional financial hub for sub-Saharan Africa, it is increasingly vulnerable to the threat of foreign money laundering risks, as well as terrorist financing risks associated with the financing of foreign terrorism and potential domestic terrorism. Although South Africa has a well-developed banking and finance industry, which acts as the main entry point for the financial system, both locally and abroad, South Africa's large informal economy which involves the widespread use of cash, increases the risks of money laundering and terrorist financing threats.

There is inadequate transparency in relation to beneficial ownership, resulting in increased risk of the misuse of companies and trusts for money laundering and terrorist financing. In addition, rampant corruption in the public sector is a major weakness in the AML/CTF system in South Africa, and the resulting degradation of its law enforcement agencies has led to ineffective crime prevention and detection capabilities.⁵

SA Scenarios

Indlulamithi released its next set of scenarios, which look at South Africa in 2035.

See: <https://www.dailymaverick.co.za/article/2023-11-16-the-mood-in-sa-is-one-of-disappointment-but-a-rebound-is-possible-future-scenarios-reveal/>

⁵ <https://www.cliffedekkerhofmeyr.com/en/news/publications/2023/Practice/Corporate/corporate-and-commercial-alert-29-march-Understanding-South-Africas-FATF-greylisting-.html>