

Ramaphosa's first 100 days

And what it tells us about the
shape of the South African state

June 6, 2018

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The Shape of Ramaphosa's Presidency

Cyril Ramaphosa came to power in South Africa 100 days ago facing a huge challenge: restore the credibility of the Presidency and put South Africa back on the growth track after almost a decade of disastrous rule and entrenched corruption by Jacob Zuma, whose years in power came to be known as "state capture". Even for someone with as varied a skill-set as Mr Ramaphosa's - who has succeeded as a trade union leader, politician and businessman – the challenge to deliver what has been dubbed "Ramaphoria" is enormous, for he needs to align this to society in a way that has rarely been done.

His political geometry, employing a careful distribution of power in his cabinet and benefiting from consultation with concentric kitchen cabinets, is both hazardous and necessary. Mr Ramaphosa has moved with both determination and deliberation to start rebuilding confidence in the Presidency and government in what he calls the "New Dawn." Mr Ramaphosa's conundrum of renewing a divided party after winning with slim majority and trying to win a clear mandate in the next election will show that his agenda is clear, but how far he can go is less so.

Graphing the key changes – and key remaining question marks

- Cronyism and looting are now off the agenda
- Radical economic transformation is not
- State-led hostility against the private sector is out
- But a mixed economy, not free-market approach, replaces it
- Economic policy and state-owned enterprises are no longer primarily geared to rent seeking
- But what replaces this economic approach is less evident
- Political risk should recede but political noise and complexity are here for the medium term
- That means rule of law, including property rights, remains embedded
- Nefarious policy making is out, but political and regulatory complexity remains subject to court challenges to deal with policy certainty



An investment summit is planned for August 2018. To prepare the ground, Mr Ramaphosa has appointed three private-sector envoys, and one from the public sector, to comb the globe for investment and to indicate that South Africa is open for business and the state friendly to local and foreign providers of capital. Smaller private-public sector summits have been convened on youth employment, and small and medium-sized enterprise development.

Networks, [prime] ministers and kitchen cabinets

Mr Ramaphosa is not operating with a single formal cabinet but is drawing on concentric networks built up over decades. His networks are from both trade unions and business. When Mr Ramaphosa faces an issue or a governance challenge, he activates these networks.

In addition, he has vested significant authority in a pair of cabinet ministers whose roles appear akin to prime ministers. These are Public Enterprises Minister Pravin Gordhan and Mineral Resources Minister Gwede Mantashe. From his perch at Public Enterprises, Mr Gordhan is a de facto anti-corruption czar. He is assembling a war-room at Public Enterprises to make major changes at state-owned enterprises.

Mr Mantashe is leading Mr Ramaphosa's efforts to ensure that land becomes an asset and not a liability of his presidency. Mr Mantashe is the de facto land affairs minister, and Mr Ramaphosa's envoy on land along with the ANC MP Mathole Motshekga, and MP Vincent Smith, who will chair the constitutional review committee that is the centre of debate on expropriation without compensation. The Public Works Deputy Minister Jeremy Cronin is operating as intellectual to drive more clear and focused land redistribution policy and legislation without the need for a constitutional amendment on expropriation.

A Presidency of summits or compacts

As much as his agenda, it is Mr Ramaphosa's style that is different. He has varied facets to his political persona. One is an ability to negotiate across interests. It is a characteristic honed by his years as a trade union negotiator and his role as chairperson of the Constitutional Assembly and of the National Planning Commission.

It is thus unsurprising that convened summits already shape his presidency. He has drawn together disparate interests to begin negotiating the outcome of consultative approach to land, mines regulation, jobs etc.

A smaller, second process ensured that the negotiations for a new mining charter — as contained in an amendment to the Minerals and Petroleum Resources Development Act — were taken out of court and onto negotiating tables. In this way a protracted battle in mining was contained and brought back to negotiation. Gwede Mantashe, now Mineral Resources Minister, has failed to pass a new Mineral and Petroleum Resources Development Act (MPRDA) in the first quarter of 2018, but there is goodwill between state and industry.

Cabinet reshuffle, disabling networks and SoE reforms

By reshuffling the cabinet reshuffle and removing ten ministers implicated in state capture, Mr Ramaphosa has brought credibility and authority to government.

He has steadily started disabling the crony networks that had become the effective purpose of government. One of the major risks on his horizon is the so-called Premier League. This is the name given to the powerful block of provincial leaders in the African National Congress who have leveraged their control of provincial budgets to build substantial political clout. The three are: Deputy President David Mabuza (previously Mpumalanga premier); the ANC secretary-general Ace Magashule (previously Free State Premier) and Former North West Premier Supra Mahumapelo. Ramaphosa's administration in taking over the provincial government of North West due to service delivery protests and corruption; ultimately

forced Premier Mahumapele's resignation, thus slowly consolidating his position in the ANC and dismantling patronage networks in ANC provinces.

Mr Ramaphosa has lived up to expectation on reforming state owned enterprises that were hollowed out with poor governance and has changed the boards of three state-owned enterprises at the heart of the state-capture story: Denel, SAA, SA Express, Transnet and Eskom. Parliament has kept up the pressure on state-owned enterprises with a succession of public inquiries, especially procurement practices.

Minister Pravin Gordhan's mandate to address problems in SOEs, rebuilding and strengthening governance, rooting out corruption, restoring their financial position and ensuring that they fulfil their economic and developmental mandates is slowly bearing fruit. The appointment of Phakamani Hadebe as Group Chief Executive of Eskom was widely welcomed along

with the new board appointments of the SOEs.

At the South African Revenue Services (SARS) the commission of Inquiry headed by Supreme Court of Appeal Judge Robert Nugent, assisted by respected lawyer Michael Katz, is expected to submit a final report by November. The Inquiry will focus on the period of between April 2014 and the end of March 2018, linked to suspended SARS head Tom Moyane's tenure, who is in addition facing disciplinary proceedings.

The President has also confirmed the creation of review panel to deal with allegations of corruption in the state security agency and to root out the compromised shadow state created by Former President Zuma.

The head of State Security, Arthur Frazer, who was implicated in corruption dealings, was moved to Correctional Services and is now subject to a court challenge by the Democratic Alliance to force him out of government completely.



4 points of risk

Winter

There is always a rise in protests in winter in South Africa. The character of his presidency - that "Ramaphoria" - has also raised expectations and this may impact on political stability. Mr Ramaphosa's rise has also emboldened provincial interests in provinces run by the iron fist of the Premier League. The Mahikeng protests against Supra Mahumapelo are replicated on a smaller scale in Mpumalanga and the Free State, where different factions see an opportunity to loosen the stranglehold on provincial tenders, so more networks can benefit.

Ramaphosa is quickly moving to cut off money flows by clamping down on access to provincial finances. This is most visible in the North West, which has been placed under administration. The balance of forces under Ramaphosa is finely balanced: he won with only 179 votes at the party's Nasrec conference in December. He possesses state power and the ability to deploy but the fundamental tension of his presidency is that as he unwinds the current patronage networks; so more networks can benefit, he increases his political risks.

Labour

The unions are in a weakened and divided state with the split of the SA Federation of Trade Unions (Safu) from the Congress of South African Trade Unions (Cosatu). Cosatu has claimed that 300,000 jobs were lost

in the country during Ramaphosa's first 100 days as president. Labour, business and communities are working to forge a new social compact around job creation, which will form the basis for a broader compact around growth, development and transformation. Mr Ramaphosa will hold a Job Summit in September to produce far reaching measures to create jobs. The joint initiative will involve all social partners in finding social compacts on jobs and examples of collaboration and partnerships to investigate recent agreements on a national minimum wage and labour stability

Election 2019

The last opinion polls put the ANC support at 50% if an election were to be held today. It is going to be a tough campaign for the ANC although the impact of Mr Ramaphosa's election has been good news for the party. Mr Ramaphosa recently met with the Independent Electoral Commission following speculation of an early election in October or November. Indications are that elections will only be held early next year given the levels of preparation required to run a national election.

Land

Mr Ramaphosa is doing what he does well: weighting his messages with different parts of the parliamentary resolution on land expropriation without compensation. When he speaks to investors and to agri-business, Mr Ramaphosa emphasises the rider to

the resolution: that it will not be allowed to harm food security and growth. When he speaks to rallies and to mass gatherings, he emphasises expropriation which is a wildly popular symbol of a wider redistribution of wealth.

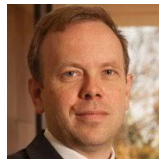
The recent ANC land summit, which invited civil society to participate in its deliberations to develop a position on land expropriation without compensation, was unprecedented. The ANC National Executive Committee, the party's highest decision-making body, agreed to consult traditional leaders and broader society before ratifying the consolidated position that was tabled by the summit on using Section 25 in the constitution to implement the policy of expropriation without compensation. Mr Ramaphosa and the ANC Committee on land reform seems to be accepting legal consensus that the constitution makes provision for expropriation and what is required is appropriate legislation rather than an amendment of the constitution. There seems to be great consensus around the setting up of a high-level panel located in the Presidency to align government's efforts regarding land reform and guide the process at the helm of the executive.

Movers & shakers in the Ramaphosa presidency

In addition to the circles and networks Ramaphosa uses, he is steadily building up a set of movers and shakers who run his presidency.

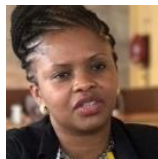
Steyn Speed

Speed is Mr Ramaphosa's political advisor and de facto Chief-of-Staff. He is a long-time aide and confidante. He has moved with Mr Ramaphosa through various his life-cycles including his times in business and in politics. Mild-mannered and adroit, Mr Speed is an ace speechwriter and strategist. He is a veteran ANC member and official and has also served the governing party for decades.



Khusela Diko

Ms Diko is Ramaphosa's spokesperson and communications advisor. She used to be ANC spokesperson and she commands a strong support base in the SA-based local and international media corps. Like most ANC media people, Ms Diko is also a seasoned politician and activist. She is dispassionate and unflappable and had the ear of Mr Gwede Mantashe when she represented the governing party at its Luthuli House headquarters.



Bejani Chauke

Mr Chauke is Ramaphosa's chief political strategist and advisor. He is Mr Ramaphosa's longtime parliamentary counselor and is a sharp and strategic mind. He devised Mr. Ramaphosa's campaign and ensured that the Zuma family was brought onside when his candidate won the ANC race at Nasrec. Mr Chauke is a general advisor, but his key role is to ensure that the ANC wins a significant victory in next year's election, as that will open up Mr Ramaphosa's path to a successful two terms. In addition, a significant win will give the President greater leverage to shape the ANC to support him.



Marion Sparg

This former MK soldier is a longtime Ramaphosa supporter based in the ANC head-office to manage his office. She has worked closely with Mr Ramaphosa in his role as ANC secretary-general and also at Shanduka the company, which holds his various assets.



Trudi Makhaya

The newly announced economic advisor to Mr Ramaphosa is a top economist in South Africa. She's going to coordinate the work of the Presidential Investment envoys and ensure the economy is at the centre of the Presidency.

Ms Makhaya is also a columnist in Business Day and ran her own consultancies called Makhaya Advisory Services.



Chippy Olver

This former Director General of Environmental Affairs was the key technocrat in the Ramaphosa campaign, in keeping core supporters onside and running the technological spine of the campaign. His experience as a member of the ANC task team to retain its base in the Nelson Mandela Bay municipality, made Mr Olver a crucial cog in the wheel to maintaining party support for Mr Ramaphosa.



Senzo Mchunu

He is now full-time organizational head of the ANC and in charge of the party's powerful branch network. It's a vital position to shore up Mr Ramaphosa's position in the ANC.

A staunch Ramaphosa ally who ran the election campaign on the ground, By stepping back from a bruising war at the ANC conference at Nasrec in December, Mr Mchunu secured an easy onboarding for Mr Ramaphosa as party president. It is widely believed that there was some gerrymandering of the count for the position of party secretary-general, which Mr Mchunu contested.

He is also crucial, with Police Minister Bheki Cele, to ensure that the party's massive KwaZulu-Natal membership and its unhappy and warring provincial leadership do not erupt into the kind of political instability besetting the North West province



Zizi Kodwa

Head of the Presidency in the ANC. The party's former spokesperson is back in a much stronger position in the governing party — he is effectively Mr Ramaphosa's eyes and ears at Luthuli House.

Mr. Kodwa was always much more than a spin doctor — he is an adept political fighter and in a divided ANC, he will prove important political cover for Mr. Ramaphosa who needs Luthuli House to be fighting in his corner.

While they may say otherwise, both the secretary-general Ace Magashule and his deputy Jessie Duarte are not in Mr Ramaphosa's corner. In a crucial election year, he needs the party headquarters to swim in the same stream as he is.



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