



**FRONTLINE AFRICA**  
— **ADVISORY** —

**Weekly Political and Economic Review 10 July 2020**



**1. Policy/Legislative Updates**

**1.1. Parliament Agrees to 2020 Special Adjustment Budget's Revised Fiscal Framework**

- The National Assembly (NA) and the National Council of Provinces (NCOP) on Wednesday, agreed to the 2020 Revised Fiscal Framework;
- This follows recommendations for its adoption from the NA's Standing Committee on Finance and the NCOP's Select Committee on Finance that Parliament consider the Supplementary 2020 Adjustments Budget;
- In their reports, the Committees said they were: "Painfully aware of the severe financial constraints of the country, the extreme unpredictability of the COVID-19 circumstances domestically and globally and that the whole world, let alone our country, is in uncharted territory, and that all of us, whether in government, Parliament, business, trade unions or other sections of civil society need to work together like never before";
- The 2020 Revised Fiscal Framework includes revised estimates for the financial year ending 31 March 2021 on all revenue; expenditure; borrowing, interest and debt-service costs;
- Minister of Finance, Mr Tito Mboweni tabled the 2020 Supplementary Budget in Parliament on the 24<sup>th</sup> of June;



- The special 2020 Adjustments Budget brings an Adjustments Appropriation Bill and a Division of Revenue Amendment Bill to Parliament. It also formalises tax relief Bills aimed at giving effect to government's COVID-19 response package and requires Parliament's approval of these Bills;
- A second adjustments budget will be tabled in October, as usual, together with the Medium Term Budget Policy Statement;
- The Democratic Alliance (DA), Economic Freedom Fighters (EFF) and Freedom Front Plus (FF+) rejected the report, was carried through by ANC numbers in its adoption.

## **1.2. Cabinet Adopts GBV Prevention Framework**

- Higher Education Minister, Blade Nzimande this week announced that Cabinet had adopted a prevention of Gender-Based Violence Framework developed by his Department;
- Nzimande said the framework would advise institutions of higher learning on how to build their policies;
- The Minister expressed that the Gender-Based Violence framework was a historic milestone;
- In his statement, Nzimande expressed that the recommendations and the framework had now been adopted by Cabinet and will soon be gazetted;
- He called upon all institutions to use the framework to develop their own measures to combat gender-based violence, reiterating that this was historic and very important.
- Last week Tuesday, the National Assembly, during a virtual sitting, discussed gender-based violence after another spate of femicide in the country;
- In the debate on gender-based violence, Members of Parliament (MPs) across the different political parties questioned Parliament's role in fighting the scourge;



- In 2019, a Ministerial Task Team to advise the Minister on matters of sexual harassment and gender-based violence and harm in South African universities, was appointed by predecessor, Minister Naledi Pandor;
- Professor Sibongile Muthwa, the Vice Chancellor of Nelson Mandela University is the Chair of the Task Team;
- The Ministerial Task Team commenced its work on in July 2019, was pleased to announce this week that its recommendations had been processed into a framework for dealing with gender based violence and now approved by Cabinet.



## **2. Freedom Front Plus Disaster Management Act Court Challenge Dismissed**

- Parliament's Presiding Officers, National Assembly Speaker, Thandi Modise and National Council of Provinces Chairperson, Amos Masondo, this week noted the judgment of the North Gauteng Division of the High Court in the case filed by the Freedom Front Plus (FF Plus);
- The FF Plus sought to challenge the constitutionality of the Disaster Management Act and to review the decision of the Minister of Co-operative Governance and Traditional Affairs (COGTA) to declare the National State of Disaster in response to the COVID-19 pandemic;
- The Speaker and the Chairperson were cited as the third and the fourth respondents. The first and the second respondents were the President and the Minister of COGTA;



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- The Speaker and the Chairperson filed a notice to abide by the decision of the Court;
- They also filed an explanatory affidavit to assist the Court regarding certain factual issues that fall within their knowledge;
- In their affidavit, Parliament’s Presiding Officers refuted FF Plus claim that there had been no parliamentary oversight over how the government is implementing the Disaster Management Act;
- The FF Plus argued that the Disaster Management Act and the declaration of the National State of Disaster in dealing with the COVID-19 pandemic were unconstitutional, as the Act does not have important safeguards, similar to those in the State of Emergency, such as, parliamentary oversight;
- The Presiding Officers concurred with the Court’s clarification that the State of Emergency is distinguishable from the National State of Disaster, contrary to the contention of the FF Plus;
- Unlike the State of Emergency, the National State of Disaster does not require a derogation from the Bill of Rights, and therefore, does not require special provisions for oversight by Parliament;
- Parliament continued to exercise its oversight responsibilities over the Executive during the National State of Disaster, as required by Sections 42, 55 and 92 of the Constitution;
- These constitutional responsibilities were not rendered inoperable by the declaration of the National State of Disaster;
- The Presiding Officers’ explanatory affidavit illustrated that, during the current National State of Disaster, Parliamentary oversight had been exercised through Portfolio Committees of the National Assembly and Select Committees of the National Council of Provinces;
- The affidavit sets out details of the engagements that occurred between these legislative structures and members of the Executive;



- The Court, among other things found that the FF Plus challenge on the Disaster Management Act was founded on a misconception of the State of Emergency and the National State of Disaster, and therefore was fundamentally flawed;
- The DA, FF Plus and lobby group AfriForum in May had announced intentions to file court papers over a number of issues, including forcing the government to lift the lockdown entirely to allow full economic activity to start and the constitutionality of aspects of the Disaster Management Act;
- Other political parties are yet to express their comments regarding the court ruling.



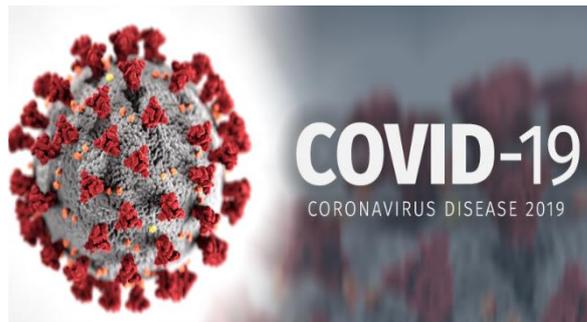
### **3. IEC Declare 2021 Local Government Election Plans on Track Despite COVID-19**

- The Independent Electoral Commission (IEC) of South Africa this week expressed that they are still on track with regards to preparations for next year's Local Government Elections;
- This is despite the impact of the COVID-19 pandemic and a R35 million budget cut imposed by National Treasury;
- IEC Officials briefed Parliament's Home Affairs Committee on the impact of the adjusted budget on Tuesday;
- The IEC said the COVID-19 pandemic had affected its preparations for next year's Local Elections and that it had also been compelled to take a R35 million budget cut;



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- IEC Chairperson, Glenn Mashinini, however reiterated that plans for next year's Local Elections were still going ahead;
- The ANC and EFF 3 weeks ago had agreed on postponing local elections;
- The two parties even suggested that the elections be consolidated, with national, provincial and local government elections being conducted in the same year;
- The DA was against the proposal and did not agree to the election calendars being synchronised.



#### **4. Complaints of Covid-19 Relief Funds Looting Increase**

- The Special Investigating Unit on Tuesday expressed concern that its office was piling up with complaints of alleged corruption relating to COVID-19;
- The Unit said it was dealing with grievances about the multi-million Rand Solidarity Fund;
- Among many of the concerns were complaints related to the manufacture of face masks, the distribution of food parcels and awareness campaigns;
- Spokesperson, Kaizer Kganyago said they were consolidating reports linked to the COVID-19 Solidarity Fund;
- He further added that they have decided to conduct a COVID-19 probe that will look into all the issues, in order for the Unit to deal with investigations that require our immediate attention;
- Government in the Eastern Cape has been investigating a leaked invoice for a COVID-19 door-to-door awareness;



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- Meanwhile, the 6 suspects that were linked to the R5.7 million COVID-19 UIF fraud were each granted R5 000 bail by the Pretoria Specialised Commercial Crime Court on Monday;
- The money had been intended for labour brokers to distribute to about 1400 UIF beneficiaries;
- In May this year, the DA proposed that Minister of Finance Tito Mboweni create a special inspector-general to monitor corruption in government's COVID-19 relief fund, insisting the need to prevent corruption and theft in the R500-billion COVID-19 rescue package;
- Finance Minister, Tito Mboweni has called for those who steal funds intended to ease the impact of the COVID-19 lockdown to be dealt with decisively;
- Mboweni was speaking in the National Assembly on Wednesday after debate on the fiscal framework he tabled with his supplementary budget last month.



### **5. SA Consumer Confidence Crashes to a 35-Year Low in Second Quarter**

- South Africa's consumer confidence plunged to a 35-year low in the second quarter, moving deeper into the negative territory as the COVID-19 pandemic hammered the economy, the Consumer Confidence Index (CCI) survey showed on Tuesday;
- The CCI, sponsored by First National Bank (FNB) and compiled by the Bureau for Economic Research, slumped to minus 33 points in the quarter after registering minus 9 points in the first quarter;



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- The sharp deterioration in the CCI is only three index points shy of the all-time lowest consumer confidence level of minus 36 recorded in 1985, a year when the country witnessed violent resistance against apartheid and a partial state of emergency, the survey showed;
- South Africa’s economy was already frail before the coronavirus outbreak hit the country in March, with its recession deepening in the first quarter of 2020 dragged by declining mining and manufacturing activities.
- “Millions of workers were placed on unpaid leave or reduced pay, or even retrenched, as businesses scrambled to survive the lockdown - this severely constrained household income, and therefore consumers’ ability to spend,” Mamello Matikinca-Ngwenya, Chief Economist at FNB, said in a statement;
- Not even the cut-price specials offered by durable goods retailers or the substantial interest rate cuts by the South African Reserve Bank (SARB) seem to be enough to entice consumers to spend their money on durable goods or expensive luxuries, according to the Chief Economist.



### **AFRICA WATCH**

#### **1. Kenya Announces Phased Reopening from Coronavirus Lockdown**

- Kenya's President Uhuru Kenyatta on Monday, announced a phased reopening of the country from a Covid-19 lockdown, lifting restrictions on travel in and out of the capital Nairobi and allowing air travel to resume;
- Kenyatta said the country had reached a reasonable level of preparedness for a partial loosening of restrictions but urged caution and warned against reckless behaviour;



- Kenyatta in a televised address ordered and directed that the cessation of movement into and out of the Nairobi metropolitan area, Mombasa county and Mandera county that was enforced would lapse at 04:00, Tuesday, 7<sup>th</sup> of July 2020;
- Domestic commercial and passenger flights have been scheduled to restart on the 15<sup>th</sup> of July, while international travel will resume from the 1<sup>st</sup> of August;
- Mosque and churches will be allowed to host services again, but for a maximum of an hour with only 100 worshippers allowed at a time;
- Kenya had nearly 7 900 confirmed cases of the coronavirus as of 6<sup>th</sup> July, with 160 deaths and cases continuing to climb. On Saturday, 389 new infections were reported in the country's biggest single-day jump;
- The outbreak has battered the economy, with the Finance Ministry projecting growth to slow to 2.5% this year from 5.4% last year, due to the impact of the Covid-19 pandemic;
- Kenyatta said the reopening of the country came with risks, and urged Kenyans to take extra precautions.

## **2. Zimbabwe's Biggest Bank to Buy Small Lenders**

- Zimbabwe's biggest bank announced plans to buy several smaller lenders in a consolidation drive to leave the troubled country with fewer, stronger institutions;
- CBZ Holdings Ltd., majority-owned by the government, has been in talks with the Reserve Bank of Zimbabwe over the acquisitions;
- Under the consolidation push, authorities are seeking to cut the number of banks down to 6 or 7 major players from 21;
- Zimbabwean lenders have been struggling to survive in a shrinking economy. The country is also battling severe cash shortages, rampant inflation, a depreciating currency and a lack of confidence among depositors because of frequent policy changes;
- More than 90% of transactions are performed digitally, resulting in branch closures and more than a fifth of bankers losing their jobs over the past year;



- CBZ Holdings Ltd has been going through a shake up since the appointment of Marc Holtzman, a veteran who has worked at Barclays Plc, ABN Amro Bank NV and Kazakhstan's biggest private bank, as Chairman in September;
- The Lender in January fired 6 executives after cutting more than 100 jobs in 2019;
- Holtzman has since assembled a management team that worked for lenders ranging from New York-based Goldman Sachs Group Inc. and Russia's Renaissance Capital Ltd. to British American Tobacco Plc and auditing firm Deloitte;
- Five of Zimbabwe's Lenders are foreign-owned and include Standard Chartered Plc, Nedbank Group Ltd., Standard Bank Group Ltd. and Ecobank Transnational Inc.
- President of the Bankers Association of Zimbabwe, Ralph Watungwa, in a statement expressed that "the market has to determine how many players there are, if the objective is to create capacity it augurs well". He further stated that consolidation creates the capacity to lend to critical economic sectors.

### **3. Ivory Coast's Ouattara Pressed to Seek Third Term Following the Passing of Prime Minister, Gon Coulibaly**

- Leaders from Ivory Coast's ruling party agreed at a closed-door meeting late Wednesday to press President Alassane Ouattara to seek a third term in October's election following the sudden death of Prime Minister, Amadou Gon Coulibaly;
- Ouattara announced in March that he would not stand for re-election after 10 years in office and designated Gon Coulibaly, his closest political ally, as the RHDP party's candidate;
- Gon Coulibaly's death on Wednesday, less than a week after he returned to Ivory Coast from an extended medical leave in France for heart issues, left the RHDP scrambling to choose a replacement;
- The election is expected to be the most hotly contested since 2010, when Ouattara's victory over incumbent Laurent Gbagbo sparked a brief civil war in which 3 000 people died;
- A more formal leadership meeting was planned for Thursday, according to anonymous sources;



- The deadline to submit a candidate's name is 1<sup>st</sup> September 2020. The Presidency however declined to comment on Thursday;
- Ouattara has previously said he would prefer to hand over power to a new generation, however, noting that he still had the right to run again under a new constitution adopted in 2016, which his opponents have disputed.