



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

# 2024 Local Political and Economic Forecast

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## Introduction

- With South Africa already caught up in an election fever, ahead of the 2024 general elections that are set to take place by no later than August, this edition of the local political and economic report casts an eye into the horizon.
- It analyses the current state of political play in the country, and teases out implications for the year. Particular focus is on the governing African National Congress (ANC), official opposition Democratic Alliance (DA) and the Economic Freedom Fighters (EFF), although there is also some reflection on the Inkatha Freedom Party (IFP) and the Freedom Front Plus (FF+) and new political entrants.
- It also covers South Africa's position in global politics, and the unabating crime levels on the domestic front.
- On the economic front, the report covers South Africa's bleak economic outlook and the energy crisis, which is a major contributor to this outlook.
- Finally, the report zooms into some of the risks facing South Africa over the course of the year.

# Road to the 2024 General Elections

- The 2024 general elections are looming large over the country's political parties as this election is set to be the most contested in the country's history, with over 360 plus parties being registered with the Independent Electoral Commission (IEC).
- Whilst it is too early to predict the election results, it has not prevented several analysts from predicting the ANC losing power after 30 years in government.

## The African National Congress

- The ANC's polling numbers had always been above 60%, peaking at 66.4% in 1999 and increasing to 69.69% in the 2004 general elections under Thabo Mbeki, before heading into steady decline over the following series of elections: 65.90% and 62.15% in the 2009 and 2014 general elections, and 53.91% in the 2016 local elections under Jacob Zuma, sliding further to 57.50% in the 2019 general elections and reaching its lowest point of 45.59% in the 2021 local government elections under Cyril Ramaphosa.
- Poor service delivery, poverty, unemployment, crime, high levels of corruption in government were some of the factors accounting for the ANC's electoral decline.
- Internal party battles, over the party's direction and positions across national, provincial and local levels, have also defocused the ANC from service delivery.
- Many pundits have been predicting that the ANC will continue with its decline, thus characterising this year's general election as a watershed moment when the party will fall below 50% for the first time.
- Compounding ANC's problems is the defection of its former president Jacob Zuma to campaign for the newly formed Umkhonto we Sizwe (MK) party, as well as the coalescing of the wounded with former Secretary-General Ace Magashule and his new outfit the African Congress for Transformation (ACT) and Black First Land First's Andile Mngxitama around Zuma. If there is any party objectively threatened by Zuma it is the ANC and, to some extent, the IFP in KwaZulu-Natal.
- Although there is no other high-profile ANC member that has joined the MK as yet, and its national footprint yet to be tested, there is a reason to believe that the party has some semblance of support in KwaZulu-Natal where Zuma is able to exploit his popularity which is largely based on ethnic and tribal lines.
- The ANC has thus far not taken a decision to expel Zuma, after the latter has insisted that he is still a member of the party, choosing instead to close rank, especially in KZN, whilst ANC KZN Provincial Secretary, Bheki Mtolo, and National Executive Committee member Bheki Cele have openly lynched the former president. It is not clear if this is the start of a counter-offensive by the ANC, and whether it will prevent Zuma loyalists in the province and elsewhere in the country from joining and voting for MK party.
- The challenge facing the ANC in the run-up to the elections is two-fold: to convince voters that it still has the ingenuity and wit to lead South Africa while decampaigning Zuma at the same time.
- The party's manifesto, which will be launched at the Moses Mabhida Stadium in Durban on 24 February will likely reflect this dual approach.
- It should be expected that mudslinging between the ANC and Zuma will move to a higher gear as elections approach. There are also concerns that the tensions between the two may descend into political violence in KZN. It remains unclear if the state is ready for such a possibility.



## The Democratic Alliance



- The DA has been averaging around 22% of the national vote. Its best showing was in the 2016 local government elections when it secured 26.90% of the popular vote, up from 22.2% in 2014. In the 2019 general elections it got 20.77% and 21.62% in 2021 local government elections.
- The DA's campaign which, as with all other opposition, is focused on ANC's failures has not been receiving much public attention. It seems media interest has shifted to the new kids on the block, such as Songezo Zibi's Rise Mzansi.
- The DA has also been facing a challenge of defections over the past five years. Former party Leader Mmusi Maimane now leads the Build One South Africa (BOSA) movement of Independents, its former Johannesburg Mayor Herman Mashaba and his followers left to form ActionSA, its prominent member in the Gauteng Provincial Legislature Magashule Gana defected to Rise Mzansi, and recently its former Shadow Foreign Affairs Minister Ghaleb Cachalia resigned citing lack of democracy in the party.
- The DA has been having difficult time explaining that it is a party for all, including blacks, in South Africa. Charges of racism against the party seem to be sticking. In the South African context, racism remains a divisive issue. Unless the DA successfully repairs its image, it will be difficult for the party to convince an average black voter to vote for it.
- At the same time, some conservative DA members have in the previous elections sided with and voted for the FF+.
- The strength of the Multi-Party Charter, comprising about seven political opposition parties and initiated by the DA, is yet to be tested. The question in everybody's minds is concerning contradictions about these parties going individually to campaign while working with other parties at the same time.



- The DA's manifesto, which is expected to be launched on 17 February in Pretoria, will shed light on how the party plans to turn the tide and increase its voter support. But in terms of the promises, there will likely be more focus on correcting the wrongs of the ANC.

## The Economic Freedom Fighters

- The firebrand EFF has never been shy to raise thorny issues, such as persistent racism and the need to fast-track land expropriation without compensation, which it believes resonate with the most marginalised in society.
- However, since the 2014 general elections (the party was founded in 2013), the EFF has been unable to translate its popularity, especially among the youth, into a meaningful vote. In 2014 the party received 6.35% of the national vote, in the 2016 local government elections it secured 8.19% of the national vote. It managed to increase to 10.80% in the 2019 general elections and 10.32% in the 2021 local government elections.
- While party leader, Julius Malema, remains popular among the rank and file, his leadership style has been brought into sharp focus in the recent past. The harsh punishment, including expulsions, meted out against leaders who failed to organise buses for the party's 10th year anniversary in July last year saw some former leaders rejoining the ANC.
- While there is little doubt that the party will fill Moses Mabhida Stadium in Durban on the 10th of February, questions remain if come election day these numbers would bolster the EFF beyond 10.80% it got in 2019.



## Other parties

- The IFP, whose major support base is in KZN, is under threat from a revived Jacob Zuma. This is because firstly, its current president Velenkosini Hlabisa does not have the appeal and standing of the late founder Prince Mangosuthu Buthelezi who died last year, and secondly Zuma will likely distract those voters who are disillusioned with the ANC and otherwise would have voted for the IFP.
- The FF+ is set to consolidate its support within the Afrikaner voter base. This is likely to be strengthened by the DA's weakening hold of its conservative supporters who have been unhappy with the party's 'experimentation' with black leaders.
- Rev Kenneth Meshoe's African Christian Democratic Party (ACDP) is not expected to increase its share of voters. The party has been largely relegated to a local player in local councils where it co-governs with the DA.
- While ActionSA had an impressive showing in the last local government elections (the first it ever contested), securing 90 seats across the 6 municipalities it contested out of 278 municipalities, the defection of Bongani Baloyi to form Xiluva as well as the emergence of Rise Mzansi, will likely impact its performance in the coming elections.
- Xiluva and Rise Mzansi will also possibly eat away from the DA's black support base.
- Gayton McKenzie's Patriotic Alliance also poses a threat to the DA in the coloured-dominated parts of the Western Cape and Gauteng.
- The UDM and ATM will return to parliament with 1 or 2 seats.
- Smaller parties, including those under the umbrella of the South African Rainbow Alliance (Sara), will likely share 2-3% of the national vote.
- Parties such as COPE and GOOD face the possibility of not garnering enough votes to return to parliament, but may have some representation in provincial legislatures.

## Economic Outlook for South Africa

- The United Nations' (UN) recently released its *World Economic Situation and Prospects 2024* report, which painted a bleak picture for South Africa's economy in 2024. The country is expected to have an estimated growth of 0.5% this year.
- IMF's *World Economic Outlook* shows that despite economic resilience seen earlier in 2023, economic activity still falls short of its pre-pandemic path, especially in emerging markets and developing economies.
- Factors behind this slow recovery include long-term consequences of the COVID-19 pandemic, Russia-Ukraine War, and the Israel-Hamas conflict.
- Ratings Agency Fitch affirmed South Africa's long-term foreign and local currency debt ratings at 'BB-' and maintained the stable outlook.
- However, Fitch believes that South Africa's credit rating is constrained by low real GDP growth, high levels of inequality, a high and rising government debt-to-GDP ratio, and a modest path of fiscal consolidation.
- SA growth is constrained by power shortages and a struggling logistic sector.
- The country's fiscus is already working with a deficit, with government spending remaining high as the ANC government continues using programmes such as the COVID-19 Social Relief of Distress (SRD) grant to woo voters.
- While government is expected to make some budget cuts, they probably will not be enough to address the current fiscal challenges, especially with estimated growth being so low.
- Almost half of the country's 60 million population is receiving a grant, which will be increasing again this year, while the high unemployment rate also means that revenue collection cannot make up for these large sums being haemorrhaged by government.
- There seems to be no clear end date for the energy and logistics crises the country faces, meaning that business conditions will not improve in the near-term. Over 1500 businesses had closed shop by December 2023 and this is a trend that will probably continue into 2024 because of unfavourable business conditions.

# Energy Crisis Continues



- He has also gazetted the Gas Amendment Bill for public comment, which will make way for a massive expansion of the sector in South Africa as the government looks for ways to deal with the energy crisis.
- These can only be finalised after the election, given that the term of the current administration is nearing its end.
- However, implementation of all these policies and plans is where government might falter as there will no doubt still be a lot of red tape that needs to be dealt with in order to make many of their plans a reality.
- South Africa's commitment to lower CO2 emissions in line with international agreements can also be seen as one of the hindrances to energy security as South Africa has to juggle from moving away from coal, which has sustained us this long, towards renewables, which will take time to fully integrate into the country's energy mix.

- The energy crisis has continued into 2024 and will likely continue into mid-2024 and perhaps even into 2025, although there are predictions that its frequency and severity will ease somewhat.
- Government has been seen taking steps towards ending the crisis, with the Energy Action Plan, Eskom Debt Relief, the Electricity Amendment Bill, the creation of an Electricity Ministry and the publishing of the Integrated Resource Plan 2023. Last year several partnerships were signed with Chinese power companies to help fight loadshedding.
- The Minister of Mineral Resources and Energy has gazetted the long-awaited Integrated Resource Plan 2023, for public comment, which has seen a reduced emphasis on renewables in favour of gas and a balanced decommissioning of coal-fired energy.

## Crime, Corruption and the Rule of Law

- During the 2023/2024 festive season, the South African Police Services (SAPS), deployed 10 000 new police officers to fight crime during the high-crime rate period.
- This year will likely see the police working even harder to fight crime as it is an election year and government is known to boost its efforts across several competencies on an election year.
- The SAPS will need a much higher budget than usual to properly resource the department, but this will be a difficult task for government because of the pressure the fiscus has been under over the last years.
- Because of this continued under-resourcing and the exodus of police officers from the service, crime levels are likely going to remain quite high.
- With this being an election year, there will could also be a rise in political killings as with every other election year.
- The National Prosecuting Authority (NPA) has also been facing the possibility of budget cuts, which could also hinder the country's fight against crime.
- As far as corruption goes, South Africa is likely still going to rank high on the corruption perception index, particularly at government level. There has been either an inability or an unwillingness to combat corruption within the country and this could be the case moving forward, particularly in cases where high ranking government officials and political figures are implicated.

## South Africa in the Global Context



- While US Secretary of State Antony Blinken said his country's relations with South Africa remain strong, this could still change this year.
- It is also yet to be seen how BRICS will move forward now that it has accepted more members and is looking to move away from using the US dollar as a currency of trade between its member countries.
- South Africa looks to be positioning itself as an advocate of peace and defender of human rights internationally, but we are yet to see how the greater international community responds to South Africa, especially considering how it is allies with countries that are generally at odds with the US.

- This year kicked off with South Africa taking Israel to the International Court of Justice (ICJ) on a genocide case for the conflict raging between the country and Hamas. This case has the potential to strain what has already been a relatively tumultuous relationship between South Africa and the US, with the latter arguing that Israel has a right to defend itself against Hamas and calling the former's case unfounded.
- For a large part of 2023, South Africa's relationship with the US was strained as the two were at loggerheads over South Africa's relationship with Russia, with the former refusing to publicly condemn Russia for its invasion of Ukraine.
- Tensions with the US jeopardised South Africa's continued participation in the US's Africa Growth and Opportunity Act (AGOA) programme, with some US politicians calling for the country's exclusion.



# Conclusions: The year ahead

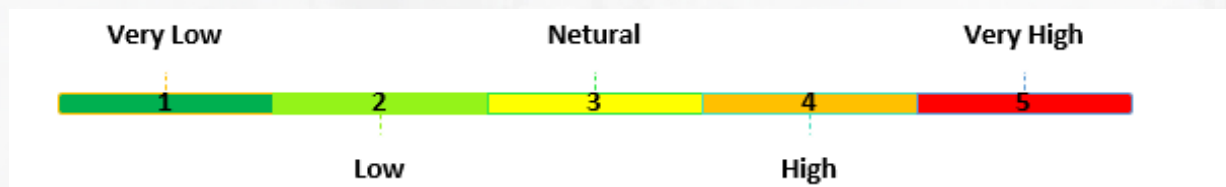
## Political

- The next few months are likely to be very noisy in the political sphere.
- Over and above trying to fend off the Zuma offensive, the ANC will likely shape shift to fit the emerging narrative of nationalism, especially if one considers the party's incoherent stance on immigration.
- There is a potential for heightened tensions between Zuma and the ANC, especially in KZN, as the former peddles a negative narrative against the current leadership cohort of the ANC.
- The party will also come under immense scrutiny over corruption, involving its most senior leaders. Phala-phala is unlikely to fade in the public consciousness, and so are negative media reports about the ANC's Deputy President Paul Mashatile, as the opposition maintains the heat on the governing party. The parliamentary and provincial legislature lists of the ANC will equally be under the public microscope, as the party seems unable or unwilling to drop those of its leaders that have been either mentioned in the State Capture Commission Report or other forms of misdemeanour.
- The Multi-party Charter intimated by the DA will likely be weakened as parties campaign on their own individual tickets.
- The EFF is likely to engage in increasingly erratic behaviour to pander to its constituency.
- Race politics, along xenophobic sentiments, are likely to assume more prominence in the public discourse.

## Economical

- There is a possibility of more desperate and populist economic measures and public utterances on the horizon, as the ANC squares off against opposition threats.
- Load shedding will likely remain a threat to economic activity and performance.
- We should anticipate a softer public tone on the Russia-Ukraine war, the Israel-Hamas conflict (although a positive outcome from the ICJ on 26 January may bolster South Africa), as the domestic front proves more demanding to both the ANC and the opposition, but also considering that it is a critical assessment year for South Africa's continued participation in the African Growth and Opportunity Act.
- GDP growth will remain constrained as the effects of a shaky global economy are being felt on the domestic front. This constraint, together with softer exports, will likely put pressure on government finances.
- The inflation control campaign seems to be stabilising, with the SA Reserve Bank deciding on 25 January to keep the Repo Rate unchanged from at 8.25%, although inflation has been successfully brought down to the 3-6% target range. South Africa has since interest rates stabilise since July 2023.

## Risks for 2024



Risk		Score
Energy Security	Risks around energy security remain high, as there is no indication yet of when government's plans will be fully implemented. With winter coming, electricity consumption will increase, placing additional pressure on the grid.	4
Fiscal Outlook	Government spending will likely continue to be high, especially as this is an election year. With economic growth being low and unemployment being high, the country's coffers are unlikely to fill up in any sort of sustainable manner.	5
Inflation, interest rates risks	Although SARB's MPC decided on 25 January to leave the repo rate unchanged at 8.25%, it did indicate that its inflation policy remains restrictive, consistent with the inflation outlook and the need to address rising inflation expectations.  If further said there remain upside risks to the inflation trajectory from global and domestic sources and that the global economic outlook is highly uncertain.	4

<b>Risks to the logistics sector</b>	The declining rail performance is also likely to threaten the economy and increase logistical costs, as businesses will be required to find alternatives to transport goods.	4
<b>Higher taxes</b>	<p>Accelerated service delivery, as per ANC's promises to woo voters, including the extension to the social grants until March 2024, will likely be financed through higher taxes, such as excise, personal income tax including corporate tax. These are likely to cause further anger and frustration, considering the difficult position businesses have been in, in light of the reduced collection.</p> <p>The country's tax gap currently stands at more than R300 billion. SARS intends to improve its compliance levels to bolster fiscal income over the medium-term. The agency's plan is to reduce tax gap by about 10% (R30 billion) in the 2023/2024 fiscal year.</p>	4
<b>Socio-political stability</b>	The threat of social instability remains high for 2024, especially in KZN as a result of the ANC-Zuma fallout, as well as a result of citizens' dissatisfaction with service delivery and high rates of unemployment. As seen in 2021, it takes a very small action to start a riot and South Africa remains a tinderbox that could explode at any time because of government failures.	4
<b>Crime</b>	Crime levels are likely going to remain high and perhaps continue rising in 2024, as SAPS is already under-resourced and has been losing police officers over the last couple of years.	4
<b>Global relations</b>	Tensions could build up between South Africa and pro-Israeli countries as the government has taken a strong pro-Palestinian stance. This in particular could affect South Africa's continued participation in AGOA.	3
<b>Service Delivery</b>	Government's fiscal challenges will trickle into how adequately municipalities are able to deliver on basic services. Service delivery will therefore likely continue to be abysmal in several municipalities, creating tensions between residents and those municipalities.	4

**END**