The one way Ramaphosa could change how he runs his office – Business Tech 11 June 2019

It appears as if 'Ramaphoria 2.0' is dead on arrival – and analysts are now looking ahead at what lies in store for South Africa for the rest of the year.

The spurt of hope following the outcome on the national elections and the appointment of a very slightly slimmer cabinet at the end of May was quickly undone when the realities of South Africa's struggling economy were laid bare.

GDP data from Stats SA showed that the country had experienced its biggest quarterly decline in a decade, while high profile chief executives called it quits on two of South Africa's biggest problem companies – Eskom and SAA.

At the same time, the face of unity presented by the ruling ANC ahead of the elections was quickly unravelled as Luthuli House and deployees to national government openly battled over key policies, such as the mandate of the South African Reserve Bank, and quantitative easing.

This has all added to the pressures facing the president. According to Intellidex analyst, Peter Attard Montalto, it has become evident that Ramaphosa's stimulus plan, introduced in 2018, has effectively fallen flat – primarily due to lack of trust and buy-in from the private sector, and a lack of capacity in government itself.

This means that strategies have to shift, and new plans need to be formulated.

What comes next

While steps have been taken to reign in government spending by downsizing cabinet (and putting tighter restrictions on what municipalities can blow cash on), there is very little wiggle room for a complete shift in government strategy.

To this end, it is expected that the government will choose to rather go for low-hanging fruit, Intellidex said – which could have both positive and negative effects on the economy. This includes moves on visas, spectrum, the National Health Insurance (NHI), land reform and other populist topics.

A reworked plan is also likely to come, where government would, for instance, focus on a limited number of sectors and economic development zones, or tackle procurement. However, until there is action, there is some doubt on how a new plan would differ from any old plan, the advisory and research firm said.

More information and possibly more detail around any future action will be forthcoming from the state of the nation address scheduled for 20 June 2019.

Ramaphosa's advisory unit

A key note in the Intellidex analysis, is the view that president Ramaphosa may also try to strengthen intergovernmental controls between departments to avoid poor policy making and deal with blockages in government – a strategy that previously worked in Thabo Mbeki's administration.

Following his re-election as president, Ramaphosa announced that he would be reinstating the presidential advisory unit that had previously stood before the Zuma administration came in, to help guide policy and speed up execution.

It was previously reported that a new growth plan and industrial policy will be developed by the unit, which will reportedly be led by a senior minister with good standing within government and the ANC.

While this would be a positive move, Attard Montalto said it wouldn't be easy, with doubts around whether such an advisory system has the necessary support (factionally or ideologically) to take any decisive action.

"At issue here is whether there are those around the president with the ability to deploy political capital to undertake policy formation and then implementation," Attard Montalto said.

"This is where we are sceptical, especially within the new Presidential Policy and Research Services, which may simply replicate existing functions in departments, within the National Planning Commission and other forums."