

The State and Future of South Africa Webinar

As South Africa stands at a defining moment in our history, with President Cyril Ramaphosa delivering his most important SONA to date, a panel of South African experts discussed the implications of the President's speech for South African economic growth in a context of an ongoing global health crisis that is wreaking untold economic damage.



On Tuesday, 16 February 2021, Group Public Affairs Managing Director, Jeremy Michaels facilitated the SONA webinar on behalf of FTI Consulting South Africa.

The webinar brought together distinguished luminaries from the finance, energy, political economy and health fields to unpack some of the most burning issues in South Africa with the view to -



“Identifying the critical levers that would need to be activated to put South Africa on a more sustainable growth path.”

The panelists agreed that while the President's address was generally optimistic, and his identification of South Africa's apex priorities essentially correct, significant challenges persist in the state's capacity for implementation and in generating sufficient progress within reasonable timelines.

The state's institutional capacity issue was a reoccurring theme, with participants identifying it as a critical element to address if South African economic outcomes are to improve. Specifically, there was a consensus that government capacity must drastically improve at the coalface of service delivery, namely local government.

- Political Economist and member of the Presidential Economic Advisory Committee, Ayabonga Cawe noted that while the district development model has been touted as the solution, he also expressed wariness about whether we have the capacity at National government to make the model successful.
- Turning to the pandemic, Dr Aslam Dasoo, the convener of the Progressive Health Alliance, gave a clear exposition that South Africa is in the midst of a series of interrelated and self-reinforcing. Emphasising the devastating impact that the pandemic has had, he reinforced the call for an effective vaccination rollout. Importantly, and related to the insight about state capacity, a critical insight into ensuring the vaccination rollout's success will be effectively partnering with the private sector to handle the most significant logistical undertaking in South Africa's history.
- Anabel Bishop, the Chief Economist at Investec, expressed concern about the deteriorating state of South Africa's economic outlook. Despite the upbeat and positive tone of the SONA, economic growth remains low, unemployment and inequality remain stubbornly high, and government finances are a vital concern for financial markets.
- Director of the Energy Leadership Centre at Wits Business School, Dr Rod Crompton, was optimistic that the President acknowledged the crisis in the electricity supply market, however, it is still of major concern that the SONA contained an acknowledgement of an expected deficit of 4000 - 6000 MW in the next four to five years. Even more concerning, there has been minimal discussion on how this gap will be plugged and how we'll find the capital to pay for it. The South African electricity supply market desperately needs to be placed on a sustainable footing where it will be able to finance its own investment needs and provide efficient services.

- On a more positive note, Nicola Theron, Extraordinary Professor and Senior Managing Director at FTI Consulting highlighted the positive interaction between the private sector and government – most notably in the poultry and automotive sectors. Importantly, she also noted that government action's pace needs to accelerate, so we kickstart some much-needed growth – releasing spectrum. For instance, doing this is expected to result in 1% additional growth for the economy, but it has been delayed for more than ten years, showing how much economic activity we are foregoing because of our policy inertia.
- Additional areas of focus included the impact that pandemic and its resultant economic devastation has had on South Africa's youth and the steps required to better position our economy for future sectors, particularly ICT and technology.

“Overall, the participants highlighted the many positives in the SONA while remaining cautious that much work needs to be done to make our way out of the pandemic in the short-term and improve the social and economic trajectory in the long-term.”

Improvements in the government's institutional capacity and a significant acceleration of our policy implementation would make for a great start in crafting a new, and improved, future for South Africa.”

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