

504

political parties currently registered with the Independent Electoral Commission (IEC)

325

contested the

2021

local government elections

momentum

investments

2021 Local government elections

A mixed or hybrid system is used for municipal elections in South Africa (SA)

If there are 10 seats available in a municipality – five ward seats and five proportional representation (PR) seats:

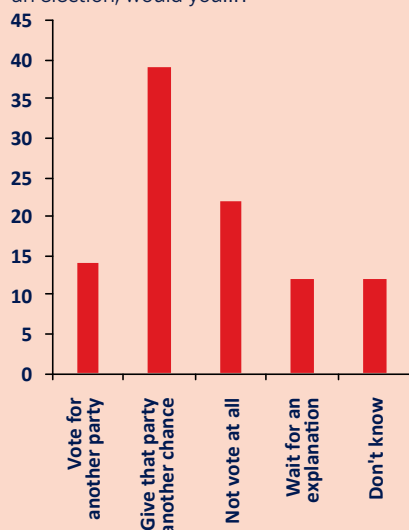
- **Party A**, with 50% of votes, has a right to five seats: If they win four wards, they will get one PR seat
- **Party B**, with 30% of votes, has three seats: If they win one ward, they will get two PR seats to end up with three seats
- **Party C**, with 20% of votes, earns two seats: If they did not win any wards, they still get two PR seats to make up their total

Voter apathy

- 26.2 million people registered to vote out of an eligible 38.6 million
- Nearly 70% of eligible voters did not participate in the election (either not registered or did not turn up to vote)
- A 2017 study by the HSRC showed that 67% of those not intending to vote attributed the reason to disinterest, while 17% suggested the administrative burden was too high (rest = “other”)

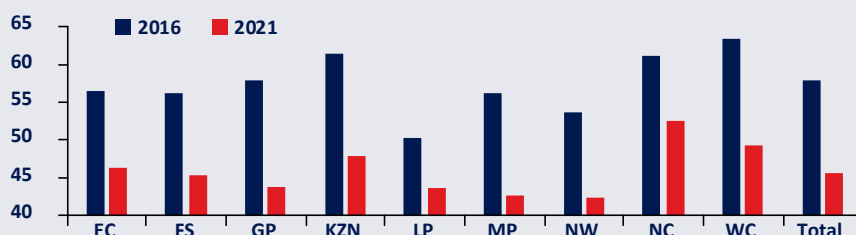
Vote shifting uncommon in SA

If the party you voted for did not meet your expectations, the next time there is an election, would you...?



Source: HSRC (2017)

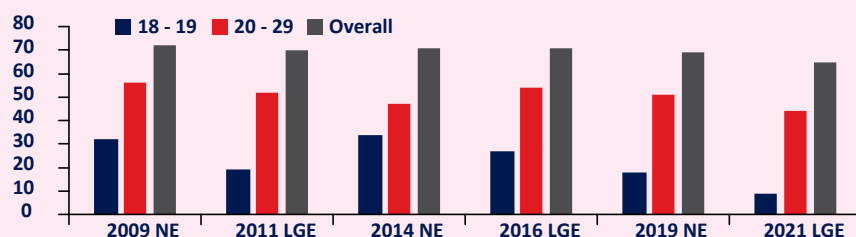
% Voter turnout by province



- Exceptionally low voter turnout is a function of the pandemic, voter apathy and a lack of campaign funds
- The least politically competitive provinces tend towards higher abstentions
- Voters in provinces with larger urban populations have greater exposure to diverse election campaigns and are mobilised to turn out in higher proportions
- Typically, low turnout rates benefit opposition parties and hurt the incumbent ruling party the most

Source: IEC

Voter registration is in decline (%)

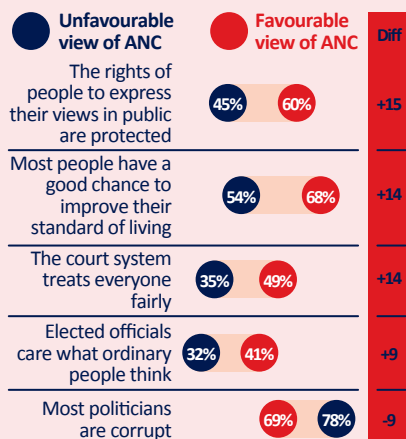


- The 18 to 29 age group comprises 30% of all eligible voters but only represented 17.5% of registered voters
- Despite their disproportionately larger numbers in the electorate, abstention is higher among youth cohorts
- This may have hurt the EFF disproportionately as they are targeting this age cohort (only 10% of EFF supporters are older than 50)
- Voter turnout dropped to its lowest level in post-democratic history from 57% in 2016 to 46% in 2021, with turnout in townships dropping to 38% (this has a disproportionate negative effect on the ANC and EFF)
- 36% of eligible voters, who were registered, did not vote

Source: IEC, NE = National election, LGE = Local government election

Those with favourable views of the ANC are more optimistic about the country's institutions and systems

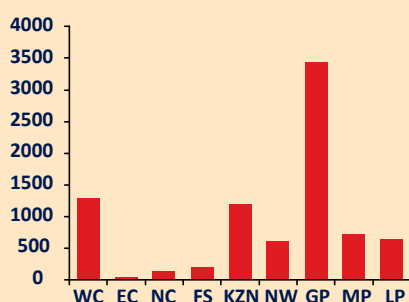
% of South Africans who agree with the following statement



Source: Pew Research Centre (Aug 2018)

Urbanisation trends affecting election outcomes

Change in population between 2009 and 2019 (in thousands)

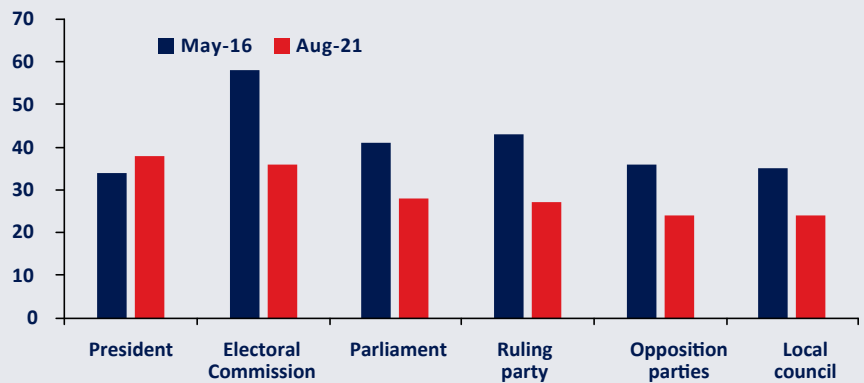


- Inter-provincial migration has continued in light of perceived superior service delivery, access to social services and better employment prospects
- EC (53%) and NC (50.3%) have the highest levels of unemployment (expanded definition) and have had the lowest levels of inward migration
- WC (33.2%) and GP (29.3%), which have experienced the highest level of inward migration, also have the lowest proportion of adults living in poverty
- Lightstone data shows that 15% of homeowners who sold and bought homes in the three years leading up to 2020 have moved from cities to smaller towns as a result of the pandemic and work-from-home trends

Source: Stats SA

Legitimacy of authorities challenged

Trust in various institutions (%)



Source: Afrobarometer

Access to services has improved...

% of Households	2002	2019
Cooking with electricity	57.5	75.1
Access to water	84.4	88.2
Access to improved sanitation	61.7	82.1
Toilet facility	87.4	97.6
Vulnerable to hunger	24.2	10.3

...but citizens are concerned about

A lack of capacity and competence at municipal level



Urban degradation



Corruption and crime



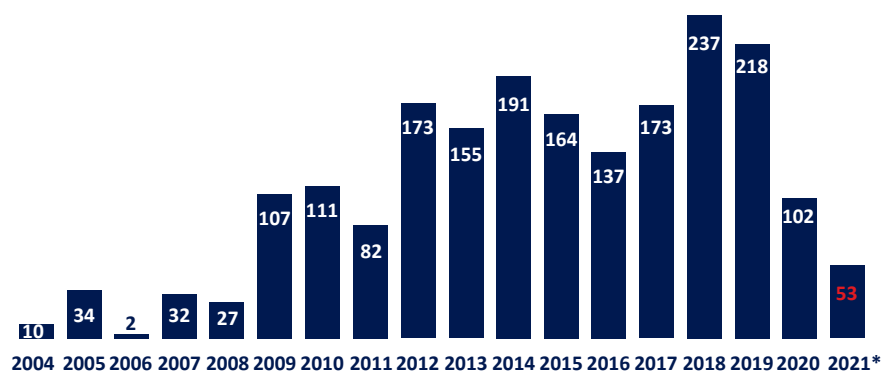
Poor service delivery



Unemployment and housing

Source: Stats SA

Major service delivery protests by year (2004 - May 2021)



- Although it appears as though the number of service delivery protests has tailed off, individual protests have been highly disruptive and protracted in nature
- Moreover, economic supply chains were severely disruptive as a consequence of the political insurrection in July 2021

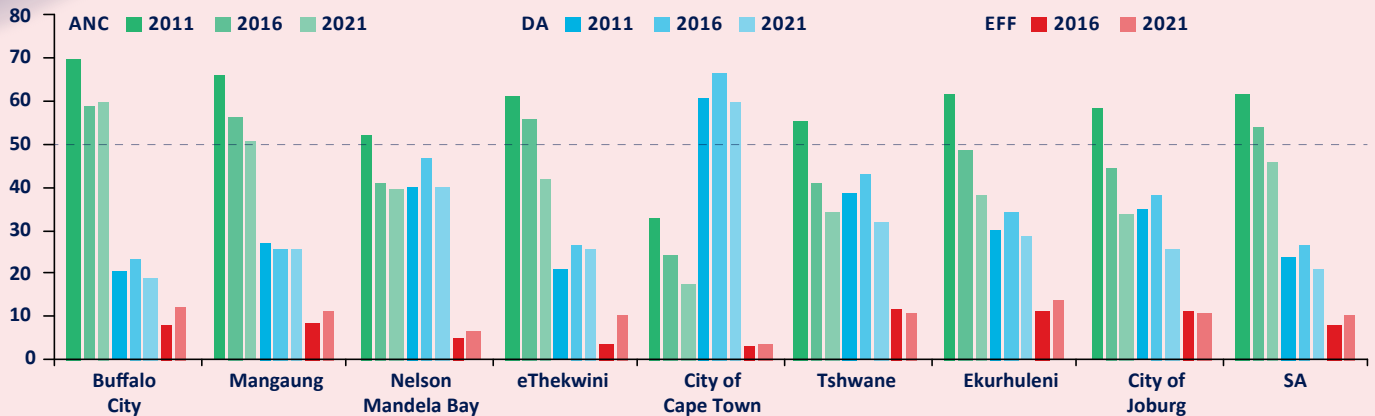
Source: Municipal IQ

The two largest political parties have suffered huge electoral losses as the electorate loses hope in the main parties' ability to provide better services

ANC: Biggest losses in City of Cape Town, Buffalo City and Nelson Mandela Bay

DA: Biggest losses in City of Johannesburg, Tshwane and City of Cape Town

EFF: Biggest gains in eThekweni and Buffalo City



Source: IEC

Small parties playing a bigger role

- Disillusionment with the political process has resulted in lower voter participation and a more fragmented vote. This raises the risk of expressing opinions outside of the formal voting channels.
- For the first time since 1994, the ANC received less than 50% of the vote.
- The loss in vote share could be attributed to a weaker campaign, less funding, corruption perceptions and disappointment in service delivery.
- The EFF has failed to make major inroads and may have been replaced by Action SA as the main protest vote.
- The smaller parties (outside of the three largest) accounted for more than 22% of the vote.
- The GOOD Party and the PA have benefited where the DA has lost support in coloured voter communities in the Western Cape and Gauteng.
- The DA has lost votes in the conservative white community (largely to the FF+).
- Support for the FF+ doubled in all provinces (except in the EC and KZN, where support is traditionally low) albeit from a low base.
- Newcomer party, Action SA, has made significant inroads into the DA, EFF and ANC's support bases in Gauteng and has garnered 8.6%, 16.1% and 6.6% of the vote in Tshwane, City of Johannesburg and Ekurhuleni, respectively.
- The IFP has made significant gains in KZN (from under 16% in 2011 to over 24% in 2021).
- COPE lost further traction in the political landscape.
- The UDM disappointed in the EC.

Market impact

- Broadly accepted election results with little associated violence reinforces the notion of a free and fair electoral process.
- A dismal voter turnout confirms the decline in citizens' trust in key government institutions and authorities.
- Consequently, elections are becoming less representative of the popular mandate (governments are being formed on the back of mandates of less than 15% of the electorate).
- Although local government elections tend to have a lower level of turnout and are less forgiving of the failures of the ruling party, analysts are questioning whether the huge dip in support for the ruling party could compromise the ANC's ability to secure a majority vote in 2024. This could bring about a period of even greater uncertainty and instability at a national level.
- While it is possible that the results of the vote may prompt the introduction of more populist policies as the ruling party attempts to win back voters, the emphasis is more likely to be placed on local government service delivery.
- The re-election of the incumbent president as the leader of the ruling party in 2022 is more likely given his favourable popularity rating.
- Despite the DA's decline (due to the lack of a progressive leadership structure), losses have been large for the ANC on the back of internal party dysfunctionalities, a poor economic setting and mismanagement at municipal level.
- A fragmented vote has left an unprecedented number of hung councils (66 at the time of writing).
- 5 out of the 8 metros (Nelson Mandela Bay, eThekweni, Ekurhuleni, City of Johannesburg and Tshwane) will require a coalition government and in some instances more than two parties may be required to form a governing coalition.
- SA's medium term sovereign rating outlook remains heavily reliant on government's ability to fast-track key structural reforms to resolve low trend growth. With SA facing mounting growth and fiscal challenges in the medium to long term, the emphasis placed on government initiatives and a commitment to working more effectively with business and labour remain crucial to accelerating economic growth, generating employment and eradicating poverty. In our view, this will become more challenging against a more fragmented political landscape.