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The Zondo Commission delivers its fifth and final report with a recommendation that the ruling African National Congress (ANC) scrap its cadre deployment policy. President Cyril Ramaphosa (2018-present) faces his worst public relations crisis after former State Security Agency head Arthur Fraser alleges that a large quantity of United States dollars in cash was stolen from Ramaphosa's game farm, Phala Phala (Limpopo Province), in February 2020 in a scandal now dubbed as "Farmgate". Ramaphosa suspends public protector Busisiwe Mkhwebane from office with immediate effect until the Section 194 of the Constitution process in the National Assembly has been completed. Atul and Rajesh Gupta are detained in Dubai at the request of South African prosecutors, but legal experts say their extradition to South Africa will be a long and onerous process. Statistics South Africa reports that the economy grew by 3.0% year-on-year (y/y) in the first quarter, well above the consensus forecast of 1.6% growth and Q4 2021's 1.7% y/y gain. South Africans no longer need to wear face masks from 22 June, while the government has also scrapped limits on gatherings and border checks for Covid-19, dropping the need to be vaccinated against Covid-19 to enter South Africa.

Zondo Commission delivers fifth state capture report ...

The **Judicial Commission of Inquiry into Allegations of State Capture, Corruption and Fraud in the Public Sector including Organs of State**, better known as the **Zondo Commission**, released the fifth part of its report on state capture on 22 June, missing its previous deadline of 15 June.¹ The commission began its first day of hearings on 20 August 2018 and called 278 witnesses during its inquiry under the chair of acting chief justice **Raymond Zondo**. The final report has recommended that the ruling **African National Congress (ANC)** scrap its policy of cadre deployment and instead establish a statutory body to vet prospective candidates for suitable qualifications and integrity, creating "a truly independent and transparent process free from political manipulations so that the ultimate appointment made by a minister is genuinely the result of a merit-based selection process".²

The committee would comprise a retired judge; the minister of finance or their nominee; a senior legal practitioner appointed by the **Legal Practice Council**; a senior representative of the business community and of the trade union community, both appointed by the **National Economic Development and Labour Council (Nedlac)**; a registered auditor appointed by the chairperson of the **Independent Regulatory Board for Auditors**; an industry expert appointed by the **State-owned Enterprise Council**, as well as a senior representative of an anti-corruption non-profit organisation.³

Importantly, the report directly implicates the chairperson of the ANC cadre deployment committee between December 2012 and December 2017, South Africa's current president, **Cyril Ramaphosa** (2018-present). Zondo, in paragraphs 622 and 623, finds that many of the people who enabled state capture would have been appointed by the **Deployment Committee**:

*"It is not sufficient for President Ramaphosa to focus on the future of the party and his envisaged renewal process. Responsibility ought to be taken for the events of the previous 'era'."*⁴

¹ The Presidency, 22 Jun 2022

² The Presidency, 22 Jun 2022

³ The Presidency, 22 Jun 2022

⁴ The Presidency, 22 Jun 2022

Two members of the **Gupta** family identified by former public protector **Thuli Madonsela** in her report on state capture released in October 2016 – which led to the establishment of the Zondo Commission – were detained in **Dubai (United Arab Emirates)** on 9 June at the request of South African prosecutors.⁵ However, legal experts say the extradition to South Africa of **Atul** and **Rajesh Gupta** will be a long and onerous process.

... as Ramaphosa faces his worst public relations crisis ...

President **Cyril Ramaphosa** (2018-present) faces his worst public relations crisis after former **State Security Agency** head **Arthur Fraser** alleged on 1 June that a large quantity of **United States** dollars in cash was stolen from Ramaphosa's game farm **Phala Phala (Limpopo Province)** on or around 9 February 2020. The scandal has been dubbed "**Farmgate**", with Ramaphosa's opponents within the ANC insisting he step aside until the justice system determines that he is innocent of money laundering and not declaring foreign exchange transactions.

The **Office of the Presidency** on 2 June confirmed the theft of cash, claimed as proceeds from the sale of game, but denied any criminality on behalf of the president and did not confirm the amount stolen.⁶ The Presidency stated that the robbery on Ramaphosa's farm was reported to the head of the **Presidential Protection Unit** of the **South African Police Service** for investigation and that President Ramaphosa had agreed to participate in any criminal investigation on the matter.

Fraser's claims have resulted in a media frenzy in both **Namibia** and South Africa amid public speculation whether the theft was unfairly resolved after an exchange of telephonic conversations between President Ramaphosa and Namibia's President **Hage Geingob** (2015-present) (see *ARC Briefing Namibia June 2022*). Geingob denied providing President Ramaphosa any undue favours to solve the crime:

*"This thing that happened in South Africa, there may be a court case. Let's see, it's a criminal case. People were here, and some were arrested. Later on, they were charged. They went back to South Africa, so I don't know what favour I would have done for anybody. It's going to be in a court, let's see."*⁷

The Farmgate revelations appear to be part of a factional battle involving the ANC and a broader, convoluted battle involving a complex web of actors and interests, including South Africa's minor opposition party, the **Economic Freedom Fighters (EFF)**, and its Namibian counterpart, **Namibian Economic Freedom Fighters (EFF Namibia)**. The opposition EFF disrupted proceedings in Parliament on 9 and 10 June, and all EFF MPs present were thrown out of the chamber for repeatedly raising the same points of order. EFF Namibia released a statement on 6 June demanding that President Geingob disclose "*all interactions and actions he engaged in on the instruction of Ramaphosa with the sole purpose of hiding criminal activity*".⁸ EFF Namibia said it would use parliamentary channels to raise questions to President Geingob, warning that it would launch a criminal case against him if he was involved in what they claim to be "*the illegal and unlawful concealment of crime Namibians committed*".⁹

Fraser is reportedly aligned to the "anti-Ramaphosa" faction, which includes former South African president **Jacob Zuma** (2009-2018), who is facing multiple corruption charges.¹⁰ Zuma was imprisoned on 7 July 2021 after refusing to appear before the Zondo Commission. Fraser approved medical parole for Zuma, which resulted in Zuma's release from arrest in September 2021 (see *ARC Briefing South Africa Aug 2021*).¹¹ However, **Gauteng High Court** Justice **Elias Matojane** ruled on 15 December that Zuma's medical parole be revoked immediately and that he be returned to the custody

⁵ Washington Post, 9 Jun 2022

⁶ The Presidency, 2 Jun 2022.

⁷ [Business Day](#), 8 Jun 2022.

⁸ [Twitter](#), accessed 6 Jun 2022.

⁹ Local source, accessed 15 Jun 2022.

¹⁰ [Daily Maverick](#), 15 Dec 2021.

¹¹ [Mail & Guardian](#), 29 Oct 2021.

of **Correctional Services** to serve out the remainder of his sentence for contempt of court.¹² Matojane held that Fraser had unlawfully mitigated the punishment imposed by the **Constitutional Court**, rendering the constitutional order ineffective and undermining respect for the courts, the rule of law and the constitution itself (see *ARC Briefing South Africa Dec 2021*).¹³

Political analysts claim it is cheaper and quicker to implicate a rival in a crime and then invoke the step-aside rule than buy votes at an ANC conference. The ANC's step-aside rule provides that a member who is a suspect in a criminal investigation must step aside from official duties. The removal of former ANC secretary general **Ace Magashule** removal from ANC headquarters **Luthuli House** and the exit of former health minister **Zweli Mkhize** from Cabinet are two examples of the rule in action. The Farmgate scandal is likely to disrupt rival slates and divert the focus into mounting a legal defence ahead of the ANC national elective congress scheduled for December.

In the same week that "Farmgate" hit the headlines, Ramaphosa also suspended public protector **Busisiwe Mkhwebane** from office with immediate effect on 9 June until the section 194 process in the **National Assembly** has been completed.¹⁴ Mkhwebane has repeatedly been accused of "incompetence". Mkhwebane is the first person against whom Section 194 has been invoked, as the Public Protector is a so-called **Chapter 9** institution, which provides protection from the executive summarily firing a person with whom the executive disagrees. It is therefore up to Parliament (the National Assembly) to remove somebody who is accused of being incompetent. South Africa's Constitution rules that:

"Any member of the Assembly may, by way of a substantive notice of motion in terms of Rule 124(6), initiate proceedings for a section 194 enquiry, provided that –

(a) the motion must be limited to a clearly formulated and substantiated charge on the grounds specified in section 194, which must prima facie show that the Public Protector, the Auditor General or a member of a Commission:

(i) committed misconduct;

(ii) suffers from an incapacity to perform the functions of office; or

(iii) is incompetent in the performance of the functions of office."

Economy grew by 3% year-on-year in Q1

Statistics South Africa reported on 7 June that the South African economy grew by 3% year-on-year (y/y) in the first quarter of 2022.¹⁵ This was well above the consensus forecast of a 1.6% y/y rise and follows a 1.7% y/y gain in Q4 2021. GDP at current prices rose by 8.4% y/y after a 7.2% y/y increase. The transport and storage sector was the standout top performer with a 9% y/y increase, while personal services came second with a 6.2% gain. The trade, catering and accommodation industry grew by 6.0%, but the construction sector had the worst decline, with a 6.3% drop. From the expenditure side, gross fixed capital formation expanded by 3.9%, while household consumption expenditure grew by 3.6% and government consumption expenditure rose by 2.0%. Exports of goods and services rose by 7.9%.

Statistics South Africa reported on 22 June that consumer inflation rose to 6.5% y/y in May from 5.9% y/y in April and March.¹⁶ This was the highest rate since January 2017 and breached the upper limit of the **South African Reserve Bank's** (central bank) 3% to 6% inflation target range. The May increase was driven by a 14.4% y/y surge in administered prices. Although this category represents only 16.42% of the consumer price index basket, its outside impact can be judged by the fact that consumer inflation excluding administered prices only increased by 4.9% y/y.

¹² The Judiciary, 15 Dec 2021

¹³ The Judiciary, 15 Dec 2021

¹⁴ The Presidency, 9 Jun 2022

¹⁵ Statistics South Africa, 7 Jun 2022

¹⁶ Statistics South Africa, 22 Jun 2022

Department of Health scraps mask mandate

Although South Africa experienced a sharp rise in laboratory-confirmed cases of **Covid-19** in May, this eased in June. Daily cases rose to 10,017 on 11 May from 2,846 on 20 April and 566 on 21 March but remained well below the peak of 37,875 on 12 December 2020.¹⁷ The figure eased to 1,028 on 22 June. The **National Institute for Communicable Diseases (NICD)** reported that as of 22 June, South Africa had recorded 3,989,007 laboratory-confirmed cases of Covid-19 in its population of 60 million, with 101,697 Covid-19-related deaths and 3,873,790 recoveries.

The easing in Covid cases has led the Department of Health to announce that South Africans no longer need to wear face masks from 22 June.¹⁸ It has also dropped limits on gatherings and border checks for Covid-19, and the need to be vaccinated to enter South Africa.

The **Department of Health** reports that as of 22 June, health professionals have administered 36.7 million doses of Covid-19 vaccine. To date, 20 million adults are fully vaccinated or just over half of the adult population of 39.8 million. Among children aged 12 and older, 2,605,972 vaccine doses have been administered. To boost vaccine production in South Africa, the **European Investment Bank (EIB)** will support increased vaccine production in **South Africa Biovac's Cape Town** plant to 500 million doses.

Planner

19-21 Jul 2022 **Pretoria (South Africa) SARB MPC meeting;**
 6 Sep 2022 **Pretoria (South Africa) Q2 2022 GDP data;**
 20-22 Sep 2022 **Pretoria (South Africa) SARB MPC meeting;**
 19 Oct 2022 **Cape Town (South Africa) Medium Term Budget Policy Statement;**
 22-24 Nov 2022 **Pretoria (South Africa) SARB MPC meeting;**
 6 Dec 2022 **Pretoria (South Africa) Q3 2022 GDP data;**
 Dec 2022 **(South Africa) African National Congress** elective congress;
 2024 **(South Africa) General election**

Chronology

22 Jun 2022 **Pretoria (South Africa) The Presidency.** Chief justice **Raymond Zondo** hands in the fifth part of the report of the **Judicial Commission of Inquiry into Allegations of State Capture, Corruption and Fraud in the Public Sector including Organs of State;**

22 Jun 2022 **Pretoria (South Africa) Business Insider SA.** South Africans no longer need to wear face masks, while limits on gatherings and border checks for **Covid-19** – and the need to be vaccinated to enter South Africa – have also been dropped.

22 Jun 2022 **Cape Town (South Africa) SAnews.** The **Select Committee on Public Enterprises and Communication** has welcomed the expansion plans at **Durban's** port terminal and **Gqeberha's Ngqura** port;

22 Jun 2022 **Pretoria (South Africa) Statistics South Africa.** Consumer inflation breached the upper limit of the **South African Reserve Bank's** (central bank) inflation target range of 3-6% with a 6.5% year-on-year (y/y) increase in May from April and March's 5.9% y/y;

21 Jun 2022 **Pretoria (South Africa) Groundup.** The **2022 Green Drop** report says around half of all wastewater treatment works in South Africa fail to treat sewage properly, while 334

¹⁷ National Institute for Communicable Diseases, 23 Jun 2022

¹⁸ Government Gazette, 22 Jun 2022

of 850 municipal wastewater treatment works are in a critical state, from 248 in the 2013 report;

21 Jun 2022 **Johannesburg (South Africa)** *News24*. Main opposition party **Democratic Alliance** requests the South African branch of the **US Federal Bureau of Investigation (FBI)** to probe allegations of possible money laundering by President **Cyril Ramaphosa**;

20 Jun 2022 **Johannesburg (South Africa)** *Bloomberg*. **BankservAfrica Economic Transactions Index**, which monitors interbank payments, rose to 143.5 in May from a revised 137.6 in April, indicating a robust recovery in May after the worst flooding in almost three decades in April;

20 Jun 2022 **Durban (South Africa)** *Daily News*. The interministerial committee on the trucking and logistics industry releases an 11-point 'action plan' in the hopes of eradicating truck blockades on South Africa's roads;

19 Jun 2022 **Pretoria (South Africa)** *Daily Maverick*. President **Cyril Ramaphosa** announces he will not be able to attend this week's **Commonwealth** heads of government meeting in **Kigali, Rwanda**;

15 Jun 2022 **Johannesburg (South Africa)** *Bloomberg*. Mineral resources and energy minister **Gwede Mantashe** says **South Africa** is considering buying oil from **Russia** as a possible measure to mitigate steep fuel prices;

15 Jun 2022 **Johannesburg (South Africa)** *Bloomberg*. Civil rights groups make legal challenge against **South African** state over its decision to end a special dispensation that allows about 178,000 Zimbabweans to live and work in the country;

14 Jun 2022 **Johannesburg (South Africa)** *Business Day*. **National Treasury** says **World Bank** has approved a loan of \$474.4m to help **South Africa** fund **Covid-19** vaccine purchases;

13 Jun 2022 **Nelson Mandela Bay (South Africa)** *Daily Maverick*. **Nelson Mandela Bay's** director of bulk water supply, **Joseph Tsatsire**, says the **Impofu Dam**, which had been expected to run dry in July, has fallen to such low levels that the barge pumps are sucking in mud;

10 Jun 2022 **Pretoria (South Africa)** *Daily Maverick*. President **Cyril Ramaphosa** faces his worst public relations crisis after the former **State Security Agency** head **Arthur Fraser** alleges that a large quantity of **United States** dollars in cash was stolen from Ramaphosa's game farm **Phala Phala** in February 2020;

9 Jun 2022 **Johannesburg (South Africa)** *Business Day*. **South Africa's** oldest private airline, **Comair**, files application to liquidate the company and will stop operations permanently after it failed to secure funding to stay airborne following the impact of global pandemic-related travel restrictions;

9 Jun 2022 **Johannesburg (South Africa)** *Business Day*. President **Cyril Ramaphosa** addresses parliament for the first time since former spy head **Arthur Fraser** last week accused him of hiding millions of dollars in his farmhouse, denying any criminal activity but admitting money was stolen from his farm;

9 Jun 2022 **Pretoria (South Africa)** *The Presidency*. President **Cyril Ramaphosa** suspends public protector **Busisiwe Mkhwebane** from office with immediate effect until the section 194 process in the **National Assembly** has been completed;

9 Jun 2022 **Dubai (United Arab Emirates)** *The Washington Post*. **Atul** and **Rajesh Gupta** are detained in Dubai at the request of **South African** prosecutors, but legal experts say their extradition to South Africa will be a long and onerous process;

8 Jun 2022 **Cape Town (South Africa)** *European Investment Bank*. The **European Investment Bank (EIB)** will support increased vaccine production in **South Africa Biovac's** Cape Town plant to 500 million doses, enable manufacturing of viral and bacterial targeted vaccines and strengthen resilience to future pandemics in **Africa**;

7 Jun 2022 **Johannesburg (South Africa)** *IMF*. **International Monetary Fund** completes staff visit to **South Africa**, concluding that the economy is benefitting from favourable commodity prices, urging the removal of obstacles to private investment and encouraging competition to reignite economic growth in the medium term;

7 Jun 2022 **Pretoria (South Africa)** *Statistics South Africa*. The economy grew by 3.0% year-on-year (y/y) in the first quarter after a 1.7% y/y gain in the fourth quarter;

6 Jun 2022 **Johannesburg (South Africa)** *Moneyweb*. **Ratings Afrika** says the South African municipal sector, with the exception of the **Western Cape**, is about to collapse financially, and it is time for the government to acknowledge it seriously and start taking the necessary steps to save the country from disaster;

5 Jun 2022 **Johannesburg (South Africa)** *Daily Maverick*. The strike at **Sibanye-Stillwater's** gold operations ends after three months as **National Union of Mineworkers (NUM)** and **Association of Mineworkers and Construction Union (Amcu)** members accept a three-year wage proposal made by the **Commission for Conciliation, Mediation and Arbitration (CCMA)** to the parties;

4 Jun 2022 **Johannesburg (South Africa)** *Business Insider*. State agency **Takeover Regulation Panel** concludes an investigation that may sink the takeover of sugar giant **Tongaat Hulett** by **Magister Investments**, a **Mauritius**-based company with close ties to the controversial **Zimbabwean Rudland** family;

3 Jun 2022 **Johannesburg (South Africa)** *Daily Maverick*. Former spy chief **Arthur Fraser** asks police to open a criminal case against President **Cyril Ramaphosa** over alleged attempted theft of \$4m in 2020 at one of the president's properties and the alleged efforts to conceal what happened, which President Ramaphosa has refuted;

2 Jun 2022 **Cape Town (South Africa)** *Spotlight*. Members of **Parliament's Portfolio Committee on Health** begin clause-by-clause deliberations on the **National Health Insurance (NHI) Bill**;

31 May 2022 **Johannesburg (South Africa)** *ch-aviation*. **South Africa**-based airline **Comair** voluntarily suspends all **British Airways** franchise and **Kulula Air** flights after running out of funding;

31 May 2022 **Johannesburg (South Africa)** *Upstream*. **Italy**-headquartered oil and gas major **Eni** exits **South Africa's** upstream sector due to "lack of tangible opportunities in a very complex logistical and operational area, as well as critical environmental situations";

30 May 2022 **Johannesburg (South Africa)** *International Investment*. **Financial Sector Conduct Authority** bans and fines **Brite Advisors South Africa** R10m (\$642,613) and **deVere Group** chief executive **Nigel Green** R2.5m (\$16,065) for contravening various financial sector laws between 2010 and 2015;

29 May 2022 **Johannesburg (South Africa)** *Financial Times*. Industry leaders says rising demand for coal should be a boon for **South Africa's** miners but many cannot take advantage of **Europe's** search for alternatives to **Russian** fuel because of the parlous state of the country's infrastructure;

27 May 2022 **Johannesburg (South Africa)** *Engineering News*. Former **Transnet** CEO **Siyabonga Gama** is among five people accused of R93m (\$5.8m) fraud and corruption in a

case relating to the procurement of 1,064 locomotives by the state-owned freight rail company, and is released on R50,000 (\$3,124) bail following his arrest;

26 May 2022 **Johannesburg (South Africa)** *Engineering News*. The **National Energy Regulator of South Africa (Nersa)** confirms it will implement the **Operation Vulindlela** recommendation that power purchase agreements (PPAs) should not be a requirement for registration of embedded generation projects below 100 MW;

25 May 2022 **Johannesburg (South Africa)** *France24*. Hundreds of protesters from radical leftist party **Economic Freedom Fighters** march on the **French embassy in Pretoria** to demand that France leave **Africa**;

About Africa Risk Consulting:

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