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The Judicial Commission of Inquiry into Allegations of State Capture (Zondo Commission) files papers with the Constitutional Court, asking the court to find former President Jacob Zuma (2009-2018) in contempt of court and to issue an 'appropriate' sentence for failure to attend the commission. Energy minister Gwede Mantashe announces his department's eight preferred bidders for the government's Risk Mitigation Independent Power Producer Procurement Programme (RMIPPPP), which aims to address significant national power supply challenges. South African authorities seize hundreds of fake Covid-19 vaccines following a global alert issued by international police organisation INTERPOL warning that vaccines would be a prime target for criminal networks.

Ramaphosa's balancing act over Zondo Commission

The **Judicial Commission of Inquiry into Allegations of State Capture** (the **Zondo Commission**) filed papers with the **Constitutional Court** on 15 March, asking the court to find former President **Jacob Zuma** (2009-2018) in contempt and to issue an 'appropriate' sentence for his failure to attend the commission on 15 February.¹ President **Cyril Ramaphosa** (2018-present) has been conspicuously silent on Zuma's defiance of the Zondo Commission, reflecting the extent and power of his predecessor's support within the ruling **African National Congress (ANC)** – particularly as significant internal ANC elections and national municipal elections approach.

The Zondo commission is due to wrap up in April, but Zuma and senior ANC officials implicated in the corruption allegations are stalling its conclusion. Several Zuma loyalists, led by ANC secretary general **Ace Magashule**, are mounting a fight-back campaign against Ramaphosa, which is escalating with local elections on the horizon in November. Zuma and his acolytes, comprising a strong contingent within the ANC, have significant public support and argue that the commission has become a political battleground instead of being an inquisitorial forum. The Constitutional Court will hear the application on 25 March.

This leaves Ramaphosa performing a tough political balancing act. It is not certain that he would win in a leadership contest against Zuma supporters within the ANC's **National Executive Committee (NEC)**, the highest organ of the ANC. The party will hold its five-yearly national elective conference in December 2022, at which ANC members will vote for their president. If Ramaphosa does not succeed in quelling the political fight-back by Zuma supporters over the next 22 months, he will be a one-term president. In addition, if Ramaphosa takes a strong stance against Zuma, he risks causing a full-blown division within the ruling party. Ramaphosa said on 5 February that Zuma should be given "time and space"² describing calls for Zuma to have his ANC membership suspended as "pre-emptive" and noting that the ANC was not currently considering the matter. However, by distancing himself from the State Capture inquiry, Ramaphosa risks losing his reputation as an anti-graft leader.³

Magashule and his co-accused, which includes businessperson and ANC benefactor **Edwin Sodi**, made a second appearance in the **Bloemfontein** magistrate's court on 19 February on charges linked to a R255m (\$15m) asbestos contract signed during Magashule's tenure as **Free State** premier, between

¹ Statecapture.org.za

² Iol, 5 Feb 2021

³ Source, South Africa-based analyst

2009 and 2018. The case was transferred to the high court in **Bloemfontein** (Free State), and will be heard on 11 August. Magashule is defying Ramaphosa's rule that those within the ANC facing corruption charges must step down from party office. However, Ramaphosa has been reluctant to take the Magashule issue to a vote at the NEC in case he loses.

The Zondo Commission has uncovered how corruption has weakened almost all public agencies, especially the security services and state-owned enterprises, which politically connected individuals have taken over by. Almost 40 witnesses have implicated Zuma during the commission's lifespan and placed him at the centre of state capture.

Government announces preferred bidders for energy procurement

Energy minister **Gwede Mantashe** announced on 18 March his department's eight preferred bidders for the government's **Risk Mitigation Independent Power Producer Procurement Programme (RMIPPPP)**.⁴ The programme was launched in August 2020 to address significant power supply challenges that impede South Africa's much needed economic growth. Mantashe said preferred bidders are required to reach financial close by the end of July 2021. The bidders are expected to provide 1,845MW of power in projects that are expected to first connect power to the electricity grid in August 2022. A local business source told ARC that Ramaphosa and Mantashe's impetus to reform the energy sector, and particularly state-owned utility company **Eskom**, is a long-awaited step in the right direction, albeit at a very slow pace.

The eight preferred bidders are:

- **Saudi Arabia-based ACWA Power;**
- **Turkey-based Karpowership SA**, which made three bids;
- **Cape Town (Western Cape)-headquartered Mulilo Total** (which made two bids);
- **Canada-based Oya Energy;** and,
- Cape Town-based **Umoyilanga Energy**.⁵

Floating power station provider Karpowership is the largest preferred bidder and has the bulk share of the allocated megawatts. Karpowership ships have been approved in three ports, **Coega** in **Eastern Cape**, **Richards Bay** in **KwaZulu-Natal** and **Saldanha** in the Western Cape. Karpowership's involvement in the tender was controversial due to gas procurement costs as well as concerns over environmental impact and local content. A senior executive at an **Africa**-focused energy sector investment firm told ARC that Karpowership's service may be beneficial as a stopgap emergency solution, but warned it is not a good solution in the medium to long term, primarily due to the high cost. This is a significant concern given that the RMIPPPP tenders are for 20 years.

Mantashe highlighted the potential positive impact of the RMIPPPP on economic growth. He said the eight projects will inject a total private sector investment amount of R45 billion (\$3.04 billion) in the South African economy, creating approximately 3,800 jobs during the 18-month construction period and a further 13,500 jobs during the 20-year Power Purchase Agreement term. The projects will have 50% average local content during the construction period and 51% local entity participation, with 41% black ownership. Mantashe noted the fact that the tender received 28 bid responses by close on 22 December 2020 demonstrates strong private sector interest in participating in the South African energy landscape.

President Ramaphosa announced in October that, as part of his Economic Recovery Plan for the country, 11,800 MW of energy would be added to the grid by 2022, with more than half coming from renewable energy. The **South African National Energy Association** recently noted in the **South**

⁴ 'Media statement: To announce preferred bidders for the Risk Mitigation IPP Procurement Programme', South African Department of Mineral Resources and Energy, 18 Mar 2021

⁵ Umoyilanga has no discernible online profile. South Africa corporate records show that **Verena Bougeant**, the general manager of **EDF Renewables South Africa**, is the only director at the company. Umoyilanga was registered on 30 October 2020.

African Energy Risk Report 2020 that clean energy could aid in South Africa's post-pandemic economic recovery.⁶ However, the report said for the energy transition to take place, primary and associated infrastructure gaps should be addressed, and policy and legal frameworks must change, to facilitate the necessary investment in the sector.

Police seize fake Covid-19 vaccines

South African authorities seized hundreds of fake **Covid-19** vaccines following a global alert issued by international police organisation **INTERPOL** warning that vaccines would be a prime target for criminal networks.⁷ Local reports of an expanding Covid-19 black market emerged long before the **INTERPOL** announcement, but the announcement indicates the scale of the problem – which is a significant threat to national inoculation efforts.

INTERPOL said around 2,400 doses of fake vaccine were found at a warehouse in **Germiston (Gauteng)**, where officers also recovered a large quantity of fake **3M** masks and arrested three **Chinese** nationals and a **Zambian** national. In China, police successfully identified a network selling counterfeit Covid-19 vaccines, raided the manufacturing premises, arrested some 80 suspects and seized more than 3,000 fake vaccines.

There is also a growing black market for illegally imported **ivermectin** tablets, which are not registered for human use in South Africa but are being prescribed off-label to treat Covid-19. **South African Health Products Regulatory Authority** data show on average nearly a million ivermectin tablets enter South Africa illegally each week.⁸ The **Ministerial Advisory Committee on Covid-19** says the tablets sell for at least R500 (\$24) each. This will further slow down the country's inoculation process.

President Ramaphosa promised during his speech on South Africa's **Human Rights Day**, a public holiday celebrated on 22 March – and almost a year after Ramaphosa announced that South Africa would go into 21 days of lockdown in an attempt to “*flatten the curve*” of Covid-19 infections – that a Covid-19 vaccine will be available for every person in South Africa. Ramaphosa did not provide a timeline, but at the current vaccination rollout rate, this could take decades. A vaccination calculator developed by local data journalists shows that it will take more than 18 years at the current rate to vaccinate 67% of the population and achieve herd immunity. That said, it is likely that the vaccination rollout will increase significantly in coming months as issues over supply and logistics are ironed out.

The South Africa government blames part of the problem on intellectual property rights. The **African Union** on 25 February backed calls for pharmaceutical companies to waive some intellectual property rights on Covid-19 medicines and vaccines to speed up their rollout to poor countries. The move was initially proposed by South Africa and **India** at the **World Trade Organisation** last year, saying intellectual property rules were hindering the urgent scale-up of vaccine production and provision of medical products to some patients.⁹ However, senior executives at **United States (US)**-based pharmaceutical companies **Pfizer** and **Johnson & Johnson** and **British-Swedish** pharmaceutical company **AstraZeneca** sent a letter on 10 March to US president **Joseph Biden** (2021-present) warning against efforts to undermine intellectual property, arguing that the move would hamper innovation. Given current high demand for, and low supply of, Covid-19 vaccines, and the size and political clout of the vaccine-making companies, it is unlikely that South Africa's proposal will be successful.

South Africa had delivered 183,000 doses, equivalent to 0.31 doses per 100 residents, as of 19 March.¹⁰ The continent as a whole has administered 0.61 doses per 100 residents. South Africa recorded 1,202 new Covid-19 cases on 22 March. Daily new cases have been declining since a high of

⁶ 'South African Energy Risk Report 2020', SANEA, 25 Aug 2020

⁷ **INTERPOL**, 3 Mar 2021

⁸ Daily Maverick, 7 Mar 2021

⁹ The Lancet, 5 Dec 2020

¹⁰ Ourworldindata.org/explorers/coronavirus-data-explorer

19,042 on 11 January. South Africa's daily new confirmed Covid-19 deaths per million people stood at 1.89, as of 20 March. South Africa's Covid-19-related deaths have been generally declining since a high of 577 on 15 January, with 110 recorded on 22 March. Limited testing and challenges in the attribution of the cause of death mean that the number of confirmed deaths may not be an accurate count of the true number of deaths from Covid-19.

President Ramaphosa delivered an upbeat address to the nation on 28 February regarding the Covid-19 pandemic, announcing a move from Level 3 to Level 1 of the **Risk Adjusted Strategy**.¹¹ Under Level 1 of the lockdown, the country's curfew shortened from 11pm to 4am, to midnight to 4am, and the government has relaxed restrictions on religious, social, political and cultural gatherings. The president said the 33 land border posts that have been closed throughout this period will remain closed, while the other 20 will remain open. South Africa's five main airports – **OR Tambo, Cape Town, King Shaka, Kruger Mpumalanga** and **Lanseria** airports – are open for international travel with standard infection control measures.

Planner

23-25 Mar 2021 **Pretoria (South Africa) South African Reserve Bank (SARB)** (central bank) MPC meeting;

30-31 Mar 2021 **(South Africa) Virtual Investment Programme**;

18-20 May 2021 **Pretoria (South Africa) SARB MPC meeting**;

20-22 Jul 2021 **Pretoria (South Africa) SARB MPC meeting**;

21-23 Sep 2021 **Pretoria (South Africa) SARB MPC meeting**;

16-18 Nov 2021 **Pretoria (South Africa) SARB MPC meeting**;

2021 **(South Africa) Municipal elections (TBA)**;

7-10 Feb 2022 **Cape Town (South Africa) Investing in African Mining Indaba**

2024 **(South Africa) General election**.

Chronology

23 Mar 2021 **Johannesburg (South Africa) News24. United Kingdom** prime minister **Boris Johnson** invites President **Cyril Ramaphosa** to attend the **G7 Leaders' Summit**, an annual summit for an intergovernmental organisation of **Western** governments, as a guest in June;

23 Mar 2021 **Johannesburg (South Africa) Moneyweb. South Africa's** sixth largest shopping centre and **Johannesburg Stock Exchange**-listed **Attacq's** trophy property asset, **Mall of Africa**, devalued by over R1 billion (\$67m) in 2020;

19 Mar 2021 **Johannesburg (South Africa) Business Day. State-owned South African Airways'** business rescue practitioner says it intends to hand back the company by the end of March, ending the 15-month rescue process;

18 Mar 2021 **Johannesburg (South Africa) News24. President Cyril Ramaphosa** extends the deployment of the **South African National Defence Force** in **Mozambique** until March 2022;

18 Mar 2021 **Johannesburg (South Africa) ESI Africa. Johannesburg Stock Exchange**-listed **Netcare**, in partnership with **Standard Bank**, launches **Africa's** first sustainability-linked bond in **South Africa** and **Lesotho**;

15 Mar 2021 **Nairobi (Kenya) Ventureburn. South Africa**-based security tech startup and medical response platform **AURA** announces it will be expanding into **Kenya**;

12 Mar 2021 **Johannesburg (South Africa) SABC News. King Goodwill Zwelithini**

¹¹ SABC, 28 Feb 2021

kaBhekuzulu, king of the **Zulus**, the largest ethnic group and nation in **South Africa**, passes away with **Covid-19** aged 72;

11 Mar 2021 **Johannesburg (South Africa)** *Moneyweb*. **South Africa**-based **Standard Bank**, **Africa's** biggest bank, reports a 51% decline in profit after taxes and other adjustments for the year through December, and says any economic recovery from the **Covid-19** pandemic in Africa would likely take until late this year or even 2022;

11 Mar 2021 **(Africa)** *Times*. Group of 40 charities in **Africa**, including, **Amnesty International** and **Christian Aid**, slam a move by richer members of the **World Trade Organisation** to block a push by some 80 developing countries – led by **India** and **South Africa** – to waive its **Trade-Related Aspects of Intellectual Property** agreement rules on patents;

9 Mar 2021 **Nairobi (Kenya)** *EMPEA*. **South Africa**-based **African Infrastructure Investment Managers** and **France**-based electricity company **EDF Group** agree to make an undisclosed investment in the **Kenyan** unit of solar solutions provider **Bboxx**;

8 Mar 2021 **Johannesburg (South Africa)** *Business Insider*. **Seychelles** foreign affairs minister **Sylvestre Radegonde** says the island will reopen its borders to international travellers on 25 March but visitors from **South Africa** will still be barred “to protect the **European** market”;

4 Mar 2021 **Johannesburg (South Africa)** *News24*. **Johannesburg Stock Exchange**-listed **Old Mutual's** private equity unit, **African Infrastructure Managers**, acquires a stake in **Ghana**-based data centre **Onix Accra 1**, its second data centre in **sub-Saharan Africa**;

3 Mar 2021 **Johannesburg (South Africa)** *INTERPOL*. South African authorities seize hundreds of fake **Covid-19** vaccines following a global alert issued by international police organisation **INTERPOL** warning vaccines would be a prime target for criminal networks;

2 Mar 2021 **Johannesburg (South Africa)** *Africa Global Funds*. Joint industry and **Guernsey** government initiative, **Guernsey Finance**, which promotes the island's financial services sector internationally, appoints its first dedicated representative in **South Africa**;

1 Mar 2021 **Maputo (Mozambique)** *SABC*. **South African** private military firm **Dyck Advisory Group** says it will hire outside lawyers to look into its activities in **Mozambique**, after global rights organisation **Amnesty International** accused it of firing indiscriminately on civilians while helping the government fight an insurgency;

1 Mar 2021 **Johannesburg (South Africa)** *Business Tech*. Global ratings agencies **Moody's** and **Fitch** warn that slightly lower deficits will not prevent debt rising in **South Africa**, as downside risks remain elevated in the country;

28 Feb 2021 **Johannesburg (South Africa)** *SABC*. President **Cyril Ramaphosa** delivers an upbeat address to the nation regarding the **Covid-19** pandemic, announcing a move to level 1 lockdown with the easing of many restrictions;

25 Feb 2021 **Johannesburg (South Africa)** *Daily Maverick*. Brewery and beverages company **Distell Group Holdings** expresses frustration after alcohol drinks makers were hit with an 8% increase on excise duties in the **2021 National Annual Budget** announced on 24 February;

25 Feb 2021 **Johannesburg (South Africa)** *Daily Maverick*. **Special Investigating Unit** to investigate the awarding of contracts to a company that reportedly has links to two aides of health minister **Zweli Mkhize**.

About Africa Risk Consulting:

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