

Pressure Builds on Cyril Ramaphosa

South Africans looking forward to putting a tumultuous year behind them and enjoying a well-earned December break were not spared some end-of-year jitters from our local political landscape.

President Ramaphosa, whose grip on the leadership of the ANC has been tenuous over the last year, faced heightened pressure in late 2022, as the investigation of the sums of money found at his Phala Phala Farm reached its crescendo after a Section 89 panel launched by Sandile Ngcobo was made public.

The first of December greeted South Africans with a barrage of headlines prognosticating the end of the Ramaphosa presidency in the wake of the Phala Phala Farmgate scandal. One highly-circulated news article calling the end of Ramaphosa's presidency opened with the line, "President Cyril Ramaphosa has lost the political support of the ANC and is "very likely" to announce his resignation as head of state in the next few hours" [1]. The news rattled local markets, with both the currency as well as our equity market ending in the red. With the ANC National Elective Conference set to take place in mid-December, the timing of the report was especially dire for the president.

The furore came to a head after Sandile Ngcobo,

former chief justice, indicated that Ramaphosa may have violated anti-corruption laws surrounding the money found at his Phala Phala farm. Gwede Mantashe, ANC chairperson and Ramaphosa loyalist, clapped back against Ngcobo and quickly galvanised support for the president, taking a leading role in ensuring Parliament Members would vote in support of president Ramaphosa as well as the ANC. In so doing, Mantashe successfully steered Ramaphosa to safety, and as a result was able to stamp his authority on president Ramaphosa's cabinet, as well as on the ANC as a whole.

Despite the best efforts of our local headlines, by the close of the first week of December much of the noise had died down and markets, along with the currency, had regained their footing.



Andre De Ruyter Resigns as Eskom CEO

With the nation still spinning from the farmgate scandal, on December 14th, a mere two days before the start of the National Elective Conference (NEC), Andre De Ruyter, ESKOM's group CEO announced his retirement effective of March 2023.

De Ruyter, who was brought in to save South Africa's embattled power utility on Christmas Day in 2019, has faced constant headwinds during his tenure at the helm. From battling corruption and sabotage to outright

theft, De Ruyter has been praised by Business Unity South Africa (BUSA) for his "valiant efforts under unbearable conditions."

De Ruyter was not without his adversaries, however, chief among them being Gwede Mantashe, who recently likened De Ruyter's failure to curb loadshedding to engendering an overthrow of the state, not a far cry from accusing De Ruyter of plotting treason.

Ramaphosa, still threatened by the Phala Phala probe, and heavily beholden to Mantashe for support in the upcoming NEC, failed to provide De Ruyter with support or backing. Likewise, State Enterprises minister Pravin Gordhan, who is politically weakened after not being nominated to the ANC NEC, also failed to rally behind De Ruyter.

With South Africa having nearly 200 days of loadshedding in 2022, the worst year for loadshedding in our history by some margin, it was not wholly surprising that De Ruyter would face a fair amount of backlash. What many of his critics fail to recognise,

however, are the significant positive strides which took place during the last 12 months. During the 27th annual United Nations Climate Change Conference which took place in Egypt in November 2022, South Africa was called the “Best-in-class Energy Transition Thinker” for our US\$8.5-billion JET Investment Program.

With De Ruyter out in March and Jan Oberholzer, Eskom COO and De Ruyter’s second in command, set to retire in April, Eskom now faces a serious leadership void, and not a very long time to fill it.



ANC National Elective Conference

Perhaps the most positive political event of December 2022, for president Ramaphosa at least, was the outcome of the ANC National Elective Conference. Taking place over the 16th to the 20th of December, Ramaphosa emerged from the NEC with five out of the seven members of the top officials of the ANC securely in his corner, a much wider margin than his first term as ANC leader.

With Ramaphosa securely positioned in the presidency, eyes will now look to how he can use his position to bolster the economy and provide some degree of guidance surrounding the future leadership of Eskom. He will have little time to engender a sense

of direction, with the presidential State of the Nation Address set to take place on the 9th of February 2023, opening the political calendar for the year.

Despite the turbulent political incidents which took place over the month of December, the rand barely moved an inch against the dollar, ending the month only 0.1% weaker. In a similar fashion our local equity market proved highly resilient over the course of 2022, rising by 3.6% over the last twelve months. In times of political upheaval, the adage that “valuations, and not stories are what ultimately guide market returns” rings truer than ever.

Source [1]: A Basson, 1 Dec 2022 “President Cyril Ramaphosa ‘very likely’ to resign”, News24,

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