

Southern Africa

Angola, Botswana, Lesotho, Madagascar, Malawi, Mauritius,
Mozambique, Namibia, South Africa, Swaziland, Zambia, Zimbabwe

By Penny Dale

Introduction

Far-reaching political and economic reform has been undertaken across Southern Africa in the past decade: multi-party politics has taken root in most countries, though economic growth has been elusive. In Zambia, up to 80 per cent of people live on less than US \$1 a day,¹ while average incomes in Lesotho are less than US \$500 a year.² Botswana, Mauritius and South Africa are classified as upper middle-income countries, comparing well to other emerging market economies, but this disguises widely divergent living standards, particularly in South Africa.³ The marginalisation of the region's struggling economies, vis à vis the global economy, is an ongoing obstacle in the fight against corruption, as is the context of increasing poverty and the HIV/AIDS epidemic that is sweeping Southern Africa.⁴

Donor agencies have played an extensive role in assisting development in the region since the 1980s, most recently by building into their recommendations a focus on fighting corruption. But Southern Africa has a history of suspicions of Western agendas. Some welcome the increased attention paid by donors to poverty reduction and the strengthening of governance, but others argue that tying aid packages to new conditionalities in the shape of anti-corruption strategies further undermines national sovereignty.

A recent survey of civil society, media and private sector players revealed that corruption, and the perception of corruption, are endemic in the region.⁵ Another study showed that almost 90 per cent of Zambians believe that politicians, including government ministers, are the most corrupt in society.⁶ However, perceptions of corruption are sharply skewed along race lines, particularly in South Africa. A Human Sciences Research Council survey found that 72 per cent of whites gave the African National Congress (ANC) government low marks on combating corruption. Black respondents were the only group among whom a substantial number of respondents (40 per cent) felt sufficient attention was paid to prioritising clean government.⁷ Interestingly, across the region actual experience of corruption does not match perception.⁸

But the political will of leaders to combat corruption actively is a major issue in Southern Africa, and events in 2000–01 did little to settle public doubts. Though numerous anti-corruption institutions have been established in recent years, their autonomy is weak, and prosecution of senior officials on corruption charges is the exception, not the rule. The role of foreign companies paying kick-backs to officials in order to win contracts has also been thrown into the spotlight.

Political stability – in a region notable for its democratic aspirations – is under threat from a growing trend of autocracy, most vividly in Zimbabwe where the regime of President Robert Mugabe unleashed a cycle of violence and intimidation in a bid to cling to power beyond its constitutional term of office. Malawi, Namibia and Zambia also face challenges in the near future, though hopefully of a different order, as established heads of state near the end of their electoral mandates. Two major conflicts, in Angola and in the Democratic Republic of Congo (DRC), continued to embroil states in the Southern Africa region during 2000–01. Both wars have been fuelled by a scramble for natural resources by governing elites, generals, rebels and foreign companies.

News review

In South Africa, the region's most economically influential state, a long-running controversy over a US \$5.5 billion arms deal with contractors in Germany, Italy, Sweden and the UK dominated the headlines this year. Close links between subcontractors and high-ranking government officials were exposed. Though the ANC government denied impropriety, the scandal cast a long shadow. A team composed of the Public Protector, the Auditor General and the National Directorate of Public Prosecutions launched a probe. But the exclusion from the inquiry of the Special Investigating Unit, headed by Judge Willem Heath until his recent resignation, raised suspicions of a half-hearted investigation.

Numerous allegations of corruption by local level officials and members of the police force appeared in the media throughout the year. South Africa has a wide range of institutions and initiatives designed to tackle the corruption issue, however. The Public Service Commission is currently preparing a national strategy against public sector corruption and, in June 2001, a National Anti-Corruption Forum was established, made up of representatives from government, business and civil society.

In Lesotho, court proceedings in the long-running US \$8 billion Lesotho Highlands Water Project case began in June 2001. The former head of the Lesotho Highlands Development Authority, responsible for awarding construction contracts since 1986, faces multiple charges of bribery and fraud. Charges are also

being brought against the beneficiary contractors – including some of the world’s leading construction companies from Canada, France, Germany, Italy, South Africa, Switzerland and the UK – who allegedly offered the bribes.⁹

In December 2000, an arms-for-oil scandal erupted with the arrest of Jean-Christophe Mitterand, son of the late French president, and international trader Pierre Falcone. Both were accused of involvement in US \$500 million worth of arms sales to Angola in contravention of a UN embargo.¹⁰ There were also allegations that large-scale kickbacks had been paid. The probe, called ‘Angolagate’ by the French press, brought attention to the financial affairs of Angolan President Eduardo José Dos Santos, the procurement methods of Angola’s army general staff, and the transparency of international oil company accounting methods.¹¹

The murder in Mozambique of Carlos Cardoso, one of the country’s most respected journalists, was a sharp reminder of the risk to reporters who attempt to secure evidence of corruption by senior officials. Cardoso’s investigation into a US \$14 million bank fraud, linked to the privatisation of Banco Commercial de Moçambique under an IMF structural adjustment programme, is widely thought to have led to his assassination in November 2000. After considerable delays, Maputo police arrested and charged two wealthy businessmen and the former Maputo branch manager of the bank, along with five local contract killers.¹² The dismissal in April 2001 of 39 police officers, now facing legal action for their links with organised crime, indicated the considerable corruption in Mozambique’s law enforcement services.¹³

In Malawi, one of the poorest countries in the region, revelations in October that the government spent US \$2.5 million on limousines for ministers soured relations with donors. President Bakili Muluzi was pushed to investigate after awkward questions were posed in the UK parliament about whether British aid money was used for the purchase of the vehicles.¹⁴ A report by a parliamentary committee in Malawi meanwhile revealed that senior officials, including five ministers, were implicated in the embezzlement of millions of dollars of government money. Some US \$2.3 million went missing from the Education Ministry alone.¹⁵

In Zambia, which once promised to be one of the more stable democracies in the region, President Frederick Chiluba’s quest to hang on to power beyond his second term created instability and split the ruling party. Meanwhile, both the Speaker of the National Assembly and the Anti-Corruption Commission launched inquiries into allegations that state money was illegally diverted to fund a recent

The autonomy of anti-corruption institutions is weak in parts of Southern Africa, and prosecution of senior officials is the exception, not the rule.

Learning the wrong lesson in Malawi's schools

Serious fraud relating to the issuing of contracts to build schools, involving K187 million (US \$2.3 million), was reported at Malawi's Ministry of Education in 2000 by the Public Accounts Committee of the National Assembly. Two cabinet ministers were charged, taken to court – and then acquitted. In fact, no one has been convicted in connection with the case. The Anti-Corruption Bureau (ACB) is following up, but with no results as yet.

While those responsible for the theft appear to have escaped unscathed, teachers and pupils continue to pay the penalty of having to work within a corrupt and under-resourced system.

Large classes, scarcity of teaching materials and limited teacher training are the norm. Only 53 per cent of children are in school; there is one teacher for every 70 pupils; and 58 per cent of the population cannot read.¹

Major problems, most notably the country's HIV/AIDS epidemic, face education and other public sectors in Malawi. In this context, the government's commitment to facilitating the transparent and accountable management of education is all the more critical. The recent mushrooming of poor-quality private schools in Malawi allows more children access to education, though not necessarily of a very high standard. The challenge of monitoring the quality of these new schools is not being addressed. Individuals who have never seen the inside of a classroom are opening schools with the government's blessing. Foul play is suspected in the way licences are granted.²

In 2000, the yearly exams were cancelled when students were found in possession of the test papers beforehand. The Director of Malawi's examination board ordered new papers to be prepared and postponed the sit-

tings for a month. President Muluzi ordered an inquiry and the Director was fired. Candidates in December 2000 found themselves in the unusual position of sitting exams supervised by a heavy police presence.

Anthony Ndaou, an eighth-grade pupil at Chilinde primary school in Lilongwe, complained about corruption. 'What happens is that pupils who don't even work hard in class pass examinations through dubious means. It's a drawback.' Anthony was quick to add that he believes the trend of bribing teachers has a negative impact in the long run. 'A person cannot measure his or her ability,' he said.

Maenad Nyirenda, who operates a mini-bus in Lilongwe, said his two sons fell victim to the practice of bribing teachers. 'My two boys dropped out of school because they were not able to continue with education at the higher level. Surprisingly though, they had good grades at primary level. I later realised they used to give money to teachers so that they would give them a good report, just to convince me they were working hard.' Nyirenda added: 'The impact of the practice on my sons is grave. I cannot trust them to run my business.'

The education system in Malawi is a clear tale of how rot at the top seeps down through all levels. If senior officials go free, how can teaching staff be expected to act with integrity, above all on so little pay? If licences for schools are issued with no care as to their merit, how can pupils be expected to work hard and perform?

At stake is the next generation, who are burdened by this system, in terms of both their own personal development and the socio-economic future of their country.

Patrick Mawaya

¹ Panos, 27 April 2001.

² *The Nation* (Malawi), 7 June 2001.

convention of the ruling party.¹⁶ The Chief Justice was asked to probe three ministers for their alleged involvement in political funding irregularities.¹⁷

The new government in Mauritius promised to make anti-corruption a key plank in economic recovery plans after the old regime foundered amid a series of scandals. Prime Minister Anerood Jugnauth, elected in September 2000, said he would establish a code of ethics for public officers, revise the Declaration of Assets Act and reinforce legislation to combat fraud and corruption in the private sector.¹⁸ A high-powered committee composed of members of the National Assembly was created to study all aspects of corruption in the country. Its report, due in 2001, is expected to lead to new anti-corruption legislation.

In March 2000, four years after it was proposed, the Namibian cabinet finally approved an independent anti-corruption body, to be set up within 12 months. In January 2001, the government announced that it would also pass a long-awaited anti-corruption law.¹⁹ Business and civil society welcomed the moves, as corruption is seen to be once again on the rise after determined efforts to stamp it out in the first years after independence in 1990. The law was still awaited as the *Global Corruption Report 2001* went to print.

Although not devoid of corruption, Botswana nevertheless stands out in the region. Major scandals are rare and the public and business community tend to view the government as accountable and transparent. In April 2001, the government promised to investigate allegations of corruption in the tender process for the management of the Public Officers Pension Fund.²⁰

Regionwide, the ministers of justice and home affairs of the Southern African Development Community (SADC) adopted a draft anti-corruption instrument in November 2000 after two years of patchy dialogue. The draft protocol defines corruption in both the public and private sectors and provides for the confiscation or seizure of properties and proceeds acquired in a corrupt manner.²¹ All SADC member states will have to develop their domestic anti-corruption laws or strengthen existing laws within the protocol's framework once it is ratified. In June 2001, anti-corruption institutions from eight SADC countries founded an informal coalition, the Southern African Forum Against Corruption (SAFAC), to facilitate networking and information exchanges.

Limits to political will

Official anti-corruption policies became common during the 1990s when corruption emerged as the latest donor buzzword. But local experts say the region's many anti-corruption mechanisms are hampered by lack of independence, funding constraints and capacity limitations.²²

Most anti-corruption agencies report to the head of state, making them dependent on the will of a single political leader. Some are limited to reactive rather than proactive roles. Even in South Africa, which has a comparatively sophisticated anti-corruption infrastructure, the independence of official anti-corruption bodies is limited by their politicisation: all of the agencies authorised to participate in the arms procurement investigation, with the exception of the Auditor General, are headed by former senior ANC politicians.²³

Noria Mashumba of the Human Rights Trust of Southern Africa distinguished between 'quantitative' and 'qualitative' political will to fight corruption in public service provision. With regard to the first, which includes efforts to establish anti-corruption institutions, legislation and processes, 'tremendous progress has been made within the region'.²⁴ But beyond this, 'qualitative' political will is also essential, she said. This means concrete action by those who make commitments to ensure the effectiveness of their policies.

A damaging blow was dealt to one of the region's more outspoken anti-corruption activists when South Africa's President Thabo Mbeki publicly denounced Judge Willem Heath, head of the Special Investigating Unit, which is mandated to investigate corruption cases and recover plundered public funds. Mbeki excluded the Heath Unit, as it was known, from the arms scandal inquiry following a ruling by the Constitutional Court that a judge could not head such a unit since this blurred the line between the executive and the judiciary. Heath subsequently resigned.

The suspicion of political interference was also raised in Malawi when the head of the country's Anti-Corruption Bureau (ACB) was summoned by President Miluzi to report on the ACB investigation into the embezzlement of millions of dollars of government money. The integrity of the ACB head, who has publicly accused top officials of allowing Malawi's financial management system to break down in order to be able to abuse it, is not in doubt. Critics are less generous about the President's motives.²⁵

Political will to fight corruption showed its limits most starkly in Zimbabwe. President Mugabe's violent 'land reform' process was used as a means of transferring white-owned farms into the hands of political cronies. The majority of commercial farms invaded last year by war veterans groups, avowedly to resettle landless citizens, were reallocated at giveaway prices to party officials or the employees of private and state-owned corporations.²⁶ The involvement of the governing elite in profiteering from the DRC conflict similarly gives little cause for optimism.²⁷ The judiciary has also been under sustained attack.

Of the region's governments, Lesotho gave the firmest possible indication of its determination to fight corruption when it announced that it was pursuing legal

Transparency and participation in South Africa's budgetary process

The last few years have seen a rapid growth in the number of NGOs, researchers and activists scrutinising their countries' budgets. Their efforts are motivated by a growing belief that an open budgetary process serves both to detect and prevent corruption, and to ensure that spending policies respond to public needs.

As part of this trend, the Institute for Democracy in South Africa (IDASA) and the US-based NGO International Budget Project (IBP) shed some welcome light on South Africa's budgetary process in a recent report. The IDASA/IBP report was based on interviews, information audits, budget and systems analysis, and other published research.¹

At the start, the effort relied heavily on the IMF Code of Good Practices for Fiscal Transparency, first issued in 1998. As the study progressed, it modified the IMF standards to suit the South Africa context and the concerns of civil society by adding a new focus on participation.

With regard to the first area of investigation, the legal framework for transparency, South Africa achieved a medium score. It has a legal framework to assign fiscal management responsibility to the executive and there is a strong legal basis for the taxation system. However, it has failed to adopt legislation on the role of parliament in the budget process.

The second area addressed the roles and responsibilities of different tiers of government. These were found to be weakly defined. Though the constitution assigns clear expenditure responsibilities, the assumption of roles in practice has been murky, enabling different tiers to point fingers at each other over accountability. But a robust disbursement and reporting system that relates actual expenditure to budgets has tightened inter-governmental financial management, decreasing the scope for corruption.

For the third area, public availability of budget information, South Africa was rated as 'medium'. On the positive side, more comprehensive budget information is now available than five years ago. But the report concluded that it is too soon to say whether this progress will stick. Recent legislation further tightened financial management, placing stringent reporting obligations on public officials. If enforced, it could oblige departments to improve information systems, thereby lessening the scope for misappropriation.

The fourth area examined was the independent checks and balances on budget execution and government data. These were found to be strong. The Auditor General is guaranteed independence in the constitution, and Statistics South Africa (SSA) has been set up as an independent institution. An early-warning system exists and is now backed by reporting requirements. Both emergency expenditure and procurement are governed by regulations. Procurement regulations, however, are not observed in practice, so the procurement process remains an area of concern.

The final area reviewed by IDASA/IBP was the country's budget decision-making process, which was weak. Budget preparation still happens behind closed doors, with the exception of a medium-term statement that makes the budget framework available two to three months in advance. The legislature has no formal power to amend the budget.

Publication of this research prompted comparable studies in Argentina, Brazil, Chile, Ghana, Kenya, Mexico, Nigeria, Peru, South Africa and Zambia, as well as work in Croatia, Poland and Russia.

Institute for Democracy in South Africa

¹ IDASA/IBP 'Transparency and Participation in the Budget Process: South Africa, A Country Report,' 2001. Contact Alta Folscher (alta@idasact.org.za), lead author of the report, or co-authors Isaac Shapiro (shapiro@cbpp.org) and Warren Krafchik (krafchik@cbpp.org) of the IBP.

action against 14 foreign companies involved in the Lesotho Highland Water Project case. Elsewhere in the region however, governments have displayed a more limited determination to curb corruption, especially when it affects their own ministers or senior officials.

Civil society and the press

While political will to tackle corruption in Southern Africa is variable, civil society organisations are developing rapidly, with strong links to the emergent independent media in many formerly one-party state systems. Anti-corruption NGOs are now visible in most countries in the region.

In Mozambique and Angola, where socialism and war largely suppressed civil action for a generation, NGO impact is still weak, as indeed it remains in Malawi.²⁸ Anti-corruption campaigns are more effective in Zambia and Zimbabwe, where civil society groups play a key role in pushing for political change and greater transparency. For decades, citizens' organisations in apartheid South Africa provided the majority of the population with a well-developed network of alternative services in the fields of law, education and social organisation, and civil society is therefore strong.

Regional civil society initiatives are now also emerging. In March 2001, representatives of Transparency International from 11 African countries, including Botswana, Malawi, South Africa, Zambia and Zimbabwe, signed the Nyanga Declaration. Its aim is 'to spearhead an international campaign for the tracing, recovery and repatriation of Africa's stolen wealth and the formation of a global coalition ... to pursue this end'.²⁹

The independent print media in the region plays a vital role in investigating allegations of corruption and disseminating information to their largely urban readerships, a function that led to retaliation from some governments during the year. In its latest annual report, the Media Institute of Southern Africa (MISA) warned of a 'clear trend of growing antagonism toward the media', with attacks on journalists in SADC countries rising from 84 in 1994 to 182 in 2000.³⁰ Figures for 2001 are expected to demonstrate a further rise. Namibia's early image as a shining example of press freedom has been severely tarnished. In the last year, MISA recorded 22 violations of media freedom and freedom of expression by government departments or officials. In Zimbabwe, government-condoned violence toward journalists and their newspapers soared, culminating in a bomb attack on the printing presses of the independent *Daily News* in January 2001 that caused damage estimated at US \$2 million.³¹ The bombing followed a series of articles alleging massive kickbacks in the tendering for Harare's new international airport, involving President Mugabe's nephew and others. In addition to the use of

Governance in Zimbabwe

Discussions about corruption – its nature and manifestations – most commonly relate to financial transactions or other material gain. In Zimbabwe at the present time, corruption is very much a governance issue – hence talk of the corruption of governance.

Zimbabwe has seen dramatic and traumatic developments over the past year. General elections held at the end of June 2000 proved to be the most violent in the history of the country. The results reflected the mood of the electorate for change, with the opposition Movement for Democratic Change winning 57 of the 120 contested seats in parliament despite the open intimidation of voters. This was the first time in Zimbabwe's 20-year history that a substantially large and viable opposition had emerged to challenge the dominance of the ruling Zanu-PF party.

This situation brought about a crisis of governance in Zimbabwe. In order to restore its fortunes and maintain its grip on power, the ruling party resorted to extraordinary measures. These included: attacks and intimidation of the judiciary, ultimately leading to the forced resignation of the Chief Justice; invasion of commercial farms; selective application of the law in favour of ruling party elements/sympathisers; violation of the rule of law by state agents; harassment and tightening of government control over the media; the fast-tracking of retrogressive and in some cases unconstitutional legislation, including measures to prevent political parties from receiving financial support; and a bill to ban any external funding for local civil society organisations, which is now anticipated.

All these actions and measures have the sole intention of ensuring that the ruling party wins the forthcoming presidential election due to be held no later than April 2002. They also reflect a specific brand of corruption, which manifests itself through abuse of power for political gain. In the case of Zimbabwe, it is possible for the government to

abuse power constitutionally. Its absolute majority in parliament for the last 20 years and its current working majority have allowed a situation where the head of state can act in direct contravention to the wishes of the people.

The government has steadfastly refused to overhaul the current, hugely unpopular constitution. Its refusal is based on the fact that the last attempt to introduce a new constitution was rejected by the people because it sought to entrench provisions that had been expressly rejected as undemocratic.

In this scenario, where the very principles of governance are corrupted, the task of tackling corruption in civil society, business and in government becomes academic. Currently the government is involved in a massive vote buying exercise. Huge amounts of money are given to mostly unemployed youths and rural folk to persuade them to support Zanu-PF. This strategy has been carried out openly, as widely reported in the country's independent media (the *Daily News*, the *Financial Gazette* and *The Independent*). It worked for the ruling party in the general election and in the by-elections – and no doubt in their view, it will also work in the presidential election.

How does one address corruption issues in such a situation? The call to fight corruption in this context amounts to a call for the removal of the ruling party from government, a dangerous position to be in, and a situation that places activists in the same camp as opposition politicians.

However, any other method is akin to pruning a tree whose roots are totally rotten. The basic tenets and principles that govern the legal and social relations of citizens are encapsulated in the constitution of a country. If these are being undermined, any attempt at addressing corruption within that country must begin with restoring the respect for those tenets and principles, since they form the parameters of accountable governance.

TI-Zimbabwe

criminal defamation to silence critics, the authorities in Zimbabwe make frequent recourse to old colonial legislation that makes it an offence to ‘spread fear or despondency’.

In Botswana, the head of television news and current affairs resigned in April claiming government interference prevented him from carrying out his task properly. Two of Botswana’s leading newspapers, *The Guardian* and *The Midweek Sun*, were in danger of closing, following instructions to all ministries, state departments, parastatals and private businesses associated with the government to freeze their advertising in the papers.

Government pressure on the media indicated the weakness of political commitment to anti-corruption measures and increased transparency. However, observers are optimistic that the growth in civil awareness that has occurred during a decade of democracy is irreversible: ‘However much they wriggle, governments are becoming more accountable,’ said a leading source of news and commentary.³²

Corruption in privatisation and public procurement

The ambitious economic reform programmes of the last two decades were intended to dismantle heavily nationalised economies, spur growth and development through private sector participation, and reduce corruption. But privatisation has not proven to be the panacea that the international financial institutions envisaged. Many of the debilitating features of the one-party state persist, including cumbersome bureaucracies and entrenched patronage networks. Some analysts say this is because ‘speed rather than transparency in the privatisation process has been the top priority’.³³ By overlooking the parallel existence of corrupt practices in commercial business, critics say, donors who pushed for speedy divestment and companies that invested in former parastatals have been complicit in the creation of greater opportunities for private corruption.³⁴

The experience of Zambia – widely seen as a classic example of how not to privatise – is a case in point. ‘Corrupt politicians are using the [Zambian] state with impunity as a resource for private accumulation at the expense of the public,’ said a recent study.³⁵ The most prominent case relates to sale of the country’s key assets, the copper mines, formerly run by the parastatal Zambia Consolidated Copper Mines. The saga has dragged on for years, but it came to a head in November 2000 when the Luanshya Mine, sold in 1997 to the Binani Group amid allegations of corruption, was placed in receivership. A critical parliamentary report identified asset-stripping, gross negligence, abuse of the Privatisation Act and other malpractices.³⁶

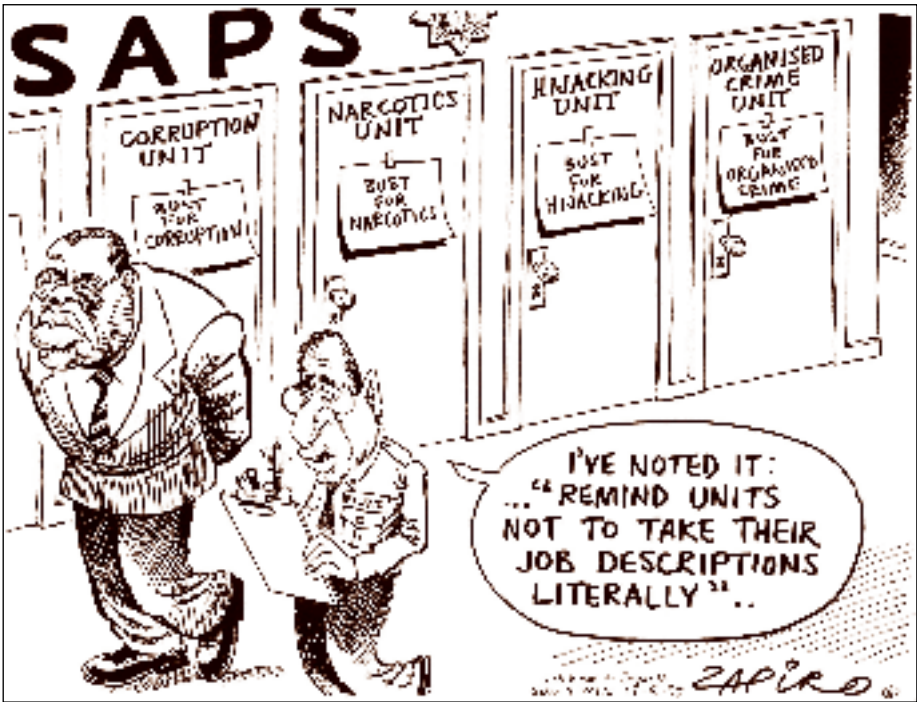
In a case that had tragic consequences, journalist Carlos Cardoso's investigation of the plundering of the assets of Banco Commercial de Moçambique (BCM) during its privatisation in 1996 led to his assassination in 2000.³⁷ The BCM case took years to come to court, due to alleged corruption in the Attorney General's office, and it provided further evidence of the difficulty in ensuring transparency during privatisation programmes. A warrant has now been issued for the arrest of the former attorney general.³⁸

Procedures for public procurement also offer extensive opportunities for corruption, because of the scale and volume of such transactions, as well as poor regulation. The provision of goods and services to the public sector was historically at the core of African patronage networks, which revolve around familial and social ties, and it continues to be an important means of political settlement.³⁹ Allegations of abuse in the tender for Harare's new international airport, which led to its opening being stalled by order of Zimbabwe's High Court, provided a recent example.⁴⁰

OECD countries have agreed measures to criminalise bribe paying abroad by their companies. The Lesotho government, currently prosecuting foreign contractors involved in the Lesotho Highlands Water Project, is also taking a vigilant stand. The World Bank is paying for the prosecution of this case, a move welcomed by critics who had accused the Bank of trying to sweep revelations of corruption under the carpet so as not to delay completion of the project.⁴¹ The Bank also recently proposed blacklisting companies found guilty of corruption in the trial.⁴²

Meanwhile, the multi-billion dollar arms scandal in South Africa exposed links between foreign contractors and senior ANC government officials, non-compliance with tender regulations, nepotism, conflict of interest, internal manipulation and lack of transparency.⁴³ The Auditor General's report on the arms purchase, released in September 2000, identified 'material deviations from generally accepted procurement practices' and called for a forensic audit of the process and of subcontractors.⁴⁴

Also under investigation in Pretoria was a secret oil trading deal that allegedly cost the Treasury millions of dollars. London-based Trafigura's joint venture in South Africa, High Beam Trading International (HBTI), was accused of bribing officials of the holding company responsible for the state's energy assets in order to secure a R1.5 billion (US \$ 191 million) oil trading contract.⁴⁵ The government acted more decisively in this case than it had with the arms inquiry. According to an independent investigation by Kroll Associates, the deal was found to have been 'unduly advantageous' to HBTI and 'potentially prejudicial' to the state.⁴⁶ Trafigura denied the allegations. In December 2000, the government fired Keith Kunene who, in addition to chairing the holding company concerned,



Zapiro, South Africa

is a leading South African businessman and outspoken advocate of black empowerment.⁴⁷ The speed of the official reaction was interpreted as an attempt to head off criticism in the largely white-owned media of the government's support for black empowerment schemes and again pointed to the racial tensions that permeate many corruption cases in the country.

The spoils of war

The spoils of war are particularly lucrative in Southern Africa, which is rich in diamonds, gold, copper and oil. Angola, ravaged by civil war since independence 30 years ago, offers a prime example of how the struggle to control these commodities can feed conflict and lead to the collapse of governance. The importance of diamonds in arming UNITA rebels has long been common knowledge, though this was given a sharper focus recently.⁴⁸ Less well known is the MPLA government's plunder of Angola's oil wealth, a side of Angola's story which an increasingly activist diaspora is now lobbying to publicise.

According to Simon Taylor of Global Witness, legal proceedings against oil giant Elf Aquitaine in France revealed 'a gruesome tale of money laundering and

state robbery at the expense of the long-suffering Angolan people'.⁴⁹ At the centre of the scandal was the lack of accountability over how loans were guaranteed by future oil production and then used to purchase weapons in the global market at inflated prices. Global Witness argued that there is no serious political commitment to peace because, under the cover of conflict, the proceeds of oil exports are easily siphoned off for personal gain, while the war generates additional profits for senior generals and politicians.

In April 2000 the IMF, the World Bank and the Angolan government agreed to monitor oil funds, contracting an international consultancy firm to implement a 'diagnostic' of oil industry accounts. At present no official records of the oil audit are publicly available, and international oil companies in Angola are not required to file annual accounts that would detail tax and royalty data. No record exists of where the controversial 'signature bonuses', paid by multilateral oil companies to secure oil blocks, actually go.

The war in the DRC, meanwhile, enmeshed at least six nations. Angola, Namibia and Zimbabwe entered on the side of the late president Laurent Kabila.⁵⁰ In return for Zimbabwe's help, crucial to Kabila's defence against Congolese rebels, mining concessions were given to senior officers in the Zimbabwe Defence Force. One of the Zimbabwean companies known to have enjoyed preferential access to the DRC's diamond wealth is Osleg. Among its directors were a Lieutenant-General in the army, the head of the Minerals Marketing Corporation, and the Permanent Secretary in the Ministry of Defence.⁵¹ Zimbabwe's Congolese involvement directly contributed to the collapse of its own economy. While individuals found lucrative pickings across the border, national GDP fell by 6 per cent in 2000, and the war cost the economy up to US \$1 million a day at its peak.⁵²

Observers are hopeful that the advent of Joseph Kabila to power in the DRC may signal the beginnings of the end of a conflict that has drawn in so many countries from such a vast geographical region. However, the militarisation, fragmentation and destitution that are the legacies of conflict there and in Angola indicate that recovery will be difficult. Against this backdrop, the predatory ambitions of elites and their foreign trading partners remain a menace to peace.

Conclusion

The donor push for rapid economic liberalisation during the 1990s, which included a belief that freeing markets from state control would automatically result in less corruption, proved too simplistic. The overhaul of state-dominated, overly bureaucratic economies did not lead to increased transparency as soon as was expected. In fact, in the short term these measures created new opportunities

for abuse, especially in the privatisation of state-owned companies and assets. Public procurement also represents a lucrative arena for opportunists, drawing in civil servants, politicians and international companies.

Wavering of political commitment to tackling both old and new forms of corruption was notable during 2000–01. Lesotho showed rare determination, but other governments took the opposite path, using cronyism to maintain a grip on political power or a share of national resources. Across the region the efficacy of current anti-corruption institutions and legislation is questionable, whether due to their lack of independence and funding or because of the absence of a strong, independent judiciary. It is vital that anti-corruption activists continue to pressure governments to reinforce these institutions.

On the whole, civil society is still too weak to lead an effective drive against corruption, but independent media and NGOs do play an increasing role exposing wrongdoing and raising awareness of corruption issues. The autocratic tendencies of governments in Southern Africa persist despite democratic transition, resulting in ongoing intimidation of independent media and journalists. And deep-seated racial tensions are a further problem that undermines concerted civic action against corruption, particularly in South Africa and Zimbabwe.

Events during the year underlined the role of foreign companies in sustaining corruption. Foreign companies, international banks and other financiers must confront their own complicity in perpetuating corruption in the region: several high-profile cases may soon force them to do so. Bribery conceals hidden social costs that are ultimately paid for by ordinary people. In the impoverished Southern Africa region, such costs are unsupportable.

- 1 Zambia Central Statistical Office, 'Living Conditions Monitoring Survey,' 1998.
- 2 UNCTAD, *The Least Developed Countries 2000 Report* (New York: UNCTAD, 2001).
- 3 In 1999, 95 per cent of South Africa's poor were black, according to a survey published in *New People* (Kenya), 1 January 1999.
- 4 Launching Transparency International's Corruption Perceptions Index 2001, TI Chairman Peter Eigen highlighted the health impact of corruption in Africa. The rapid spread of HIV/AIDS in recent years has exacerbated the region's poverty, claiming 2.4 million African lives in 2000 and placing a heavy strain on social infrastructures.
- 5 Philliat Matsheza and Constance Kunakas, *Anti-Corruption Mechanisms and Strategies in Southern Africa* (Harare: Human Rights Research and Documentation Trust of Southern Africa, 1999).
- 6 Zambia's Foundation for Corruption Awareness, December 2000.
- 7 Panafrican News Agency, January 2000.
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