

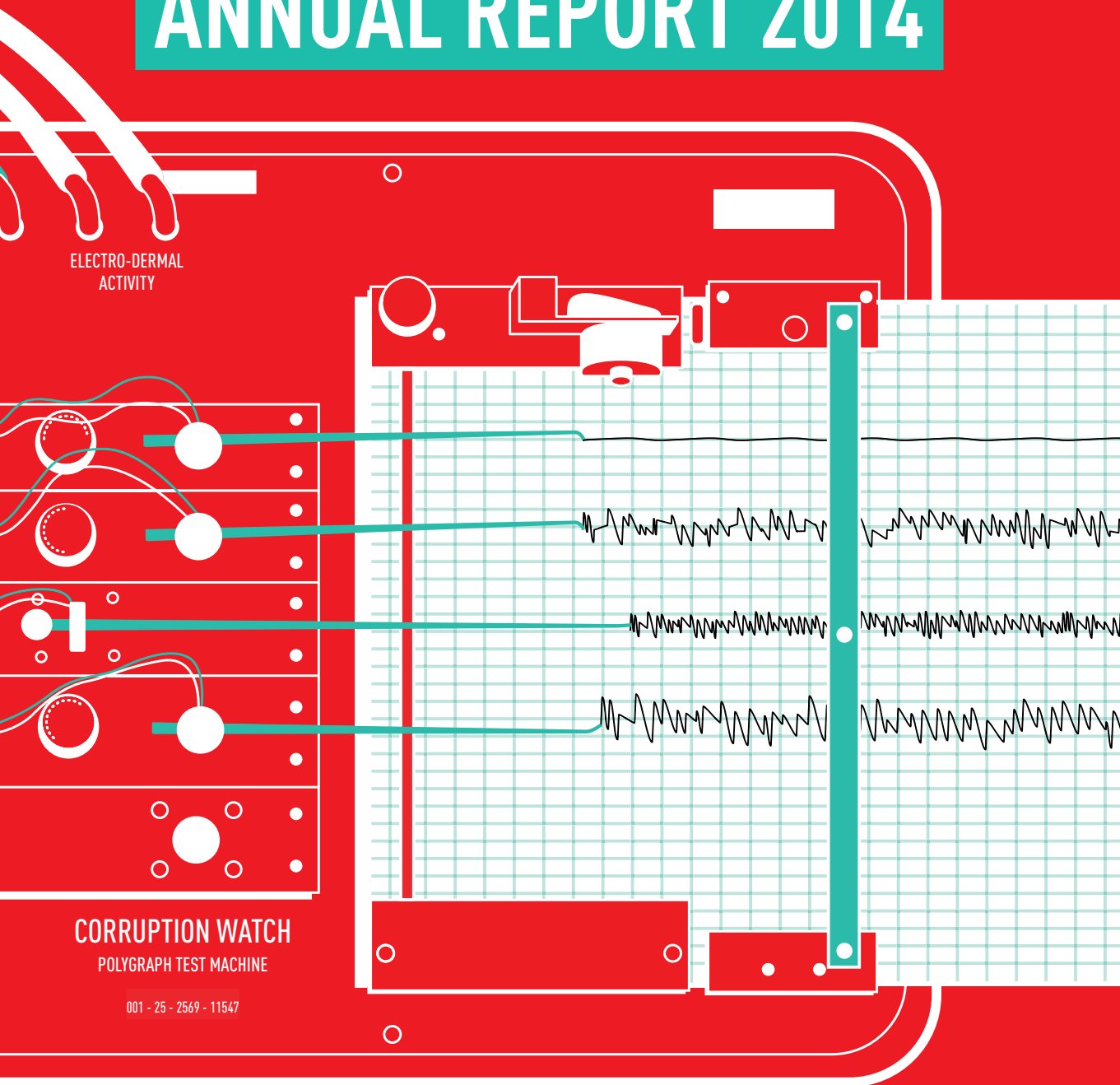
CORRUPTION WATCH

ANNUAL REPORT 2014

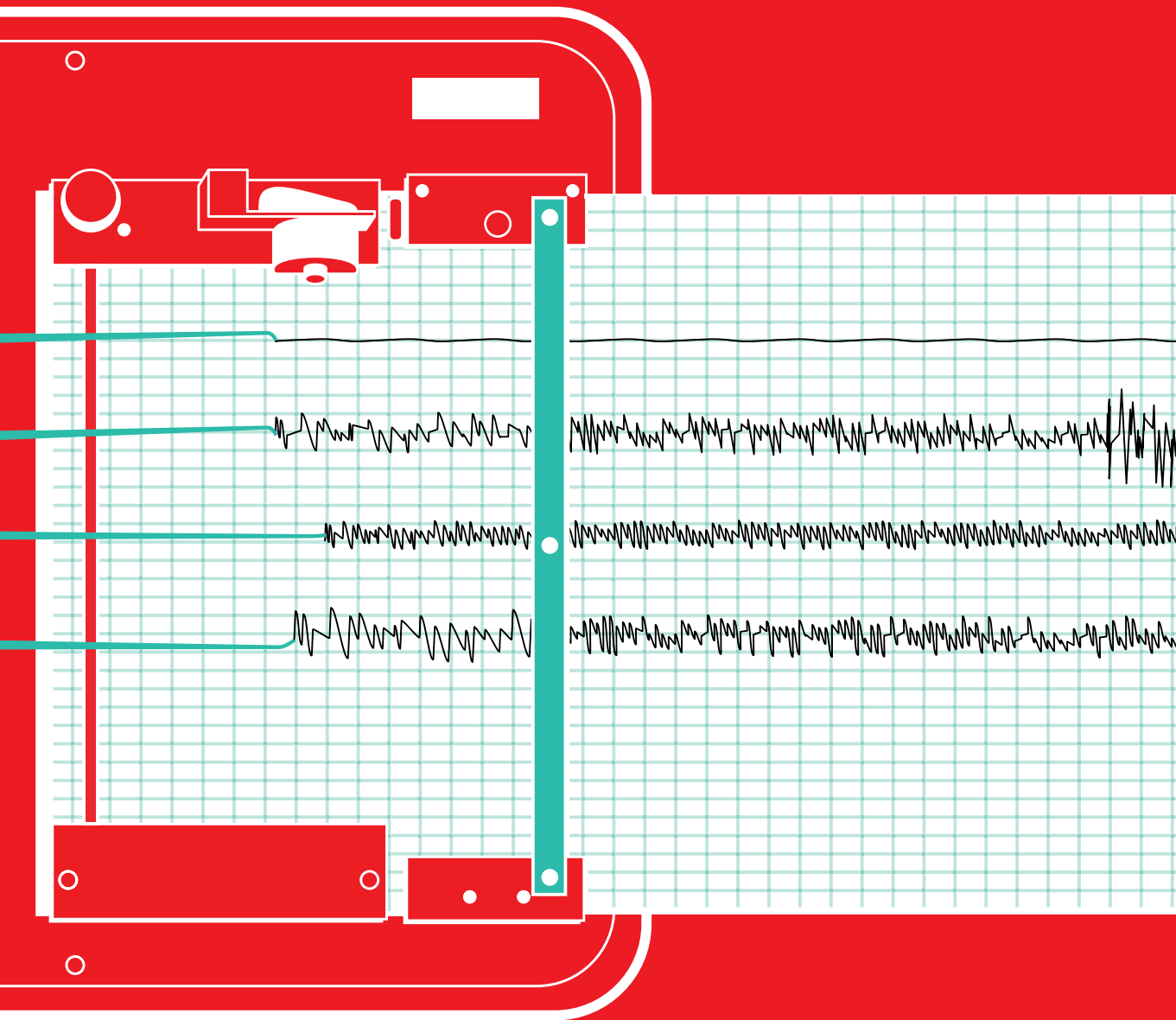
ELECTRO-DERMAL
ACTIVITY

CORRUPTION WATCH
POLYGRAPH TEST MACHINE

001 - 25 - 2569 - 11547



MY HANDS ARE CLEAN, OUR THEME FOR 2014/2015, CALLS ON YOU, YOUNG AND OLD ALIKE, TO COMMIT YOURSELVES TO TAKING RESPONSIBILITY FOR YOUR OWN ACTIONS, TO STOP THE SCOURGE OF CORRUPTION IN OUR SOCIETY.



As part of our campaign, we urge you to take the **“lie detector test”**, and to publicly announce the results as your own positive stand against corruption. Join our team of corruption fighters who expose corruption where they see it, but are also willing to monitor their own behaviour before before holding others to account.



MY HANDS
ARE CLEAN

LEAD INVESTIGATOR: Corruption Watch

PROJECT: My Hands Are Clean

TEST SUBJECT: #0236



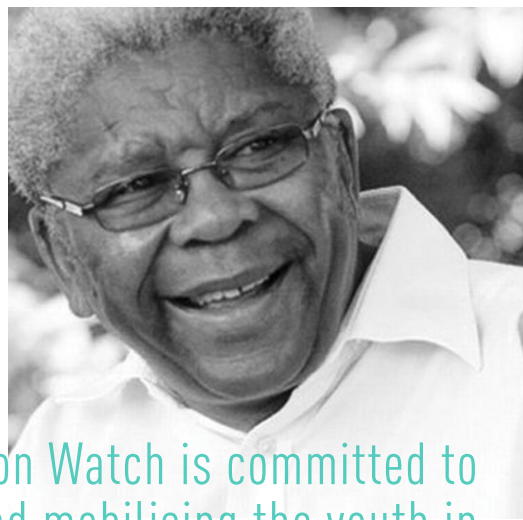


TABLE OF CONTENTS

- 4 Message from our chair
- 6 The global perspective
- 8 Adding up the numbers
- 10 On the campaign trail
- 12 Who is responsible?
- 16 Listening to young voices
- 18 Housing blues
- 22 Counting our victories
- 24 Tools of our trade
- 26 Message from our executive director
- 28 Meet our board
- 32 Meet our funders

MESSAGE FROM OUR CHAIR

**ARCHBISHOP NJONGONKULU
NDUNGANE, CORRUPTION
WATCH BOARD CHAIRPERSON**



“Corruption Watch is committed to engaging and mobilising the youth in creative and innovative ways.”

Twenty years into our democracy, 2014 has been a significant year. It began with an absence, with the passing of our leader and founding father, Nelson Rohlhlhla Mandela, on 5 December 2013. From the first day of 2014, we knew that we must go it alone as a nation now, forge ahead and navigate our way without the guiding wisdom and light of the man who came to represent the cornerstone of our democracy.

Sadly, we do not seem to be living up to the high standards set by Madiba. Instead, we read more and more reports on the extent to which the dream of a democracy that benefits all its citizens, and preserves our hard-won

Constitution and human rights, has been sold down the river.

How have we done on the corruption front in the past year? From our perspective at Corruption Watch, 2014 has been a tough year, one marred by a surfeit of exposés of the antics of people in positions of power, of gross maladministration and misuse of public funds, of acts of corruption that have continued to go unpunished. Indeed, perhaps the most damaging aspect of our society today is the obvious impunity enjoyed by the rich and powerful. The message is that if you wield either money or power, you are untouchable, and are not beholden to the same rules as ordinary citizens. It is becoming increasingly

apparent that those who have wealth also have access to political power; and those who have political power have access to wealth.

The failure of the Arms Procurement Commission, the long-awaited probe into the multibillion-rand arms deal, to conduct itself in a manner that ensures that it will provide answers to the South African people is a case in point, not to mention the mounting allegations of corruption that continue to swirl around President Jacob Zuma. Increasingly, the president seems to be set on continuing to flout his constitutional duties to report back to his people through their elected officials in Parliament – and his refusal to do so, or to answer questions that

we have a right to ask, further heighten the perceptions that all are not equal in our society, and are becoming less so.

There are other examples of high-ranking officials taking repeated stabs at the hallowed institutions that form the very foundation of our constitutional democracy. The irresponsible attacks on the Office of the Public Protector and the abuse of the supposedly balanced role of the Speaker of the National Assembly are two cases in point. We could go on...

We have seen all of that, but we have also seen that the truth will out. At Corruption Watch we have increasing evidence that people will not stand for this any longer, that people across all spheres of life, including many holding positions in the government and the ruling party, are becoming more intolerant of the way in which corruption seems to have become a way of life, a method of transactional engagement that allows people to sidestep official channels.

The impression that many in power regard the public purse as a means of personal advancement has had a considerably negative impact on public perceptions and levels of confidence in the state and our officials. Corruption Watch remains a critical player in harnessing this outrage and

directing these responses to those with power and influence. We will continue to marshal the energy and resources of all who live in South Africa, and to better inform the public about how to identify corruption, and how and when to place pressure where it matters most. While the fundamental change that we seek does not happen overnight, it is our firm belief that the more we chip away at these abuses of power, and at those responsible, with the strength of an engaged citizenry behind us, the more we will eventually bring about the transformation that we need in our society.

The pervasiveness of corruption in our country is cause for great concern, not least because it is robbing our youth of their rightful inheritance. Corruption is insidious and corrosive, and the damage that it wreaks today will be felt well into the future by those who had no part in it, or at least are relatively free from blame.

For this reason, Corruption Watch is committed to engaging and mobilising the youth in creative and innovative ways. We have listened to our young people, some of whom have told us through a survey that the best way to involve the youth in an anti-corruption campaign is through music, art or theatre. Our Youth Campaign, which will kick off officially in March 2015,

has already made inroads into youth networks with a song that we released on 9 December, International Anti-Corruption Day. This type of engagement takes us that much closer to our goal of building a culture of activism among the youth in fighting corruption.

Public education remains at the heart of our work, and it is our aim to participate in building a global anti-corruption movement that will help to shift perceptions and to mobilise and inspire the citizenry to become a driving force in building a culture of resisting corruption.

The hope of South Africa resides in our young people and part of our commitment is to help them to express their frustrations and to exercise their rights, but also to assume responsibility for ensuring that the country they inherit is not scarred and damaged beyond repair. There is power in their hands, and we are helping them to harness and use that power.



**ARCHBISHOP NJONGONKULU
NDUNGANE, CORRUPTION WATCH
BOARD CHAIRPERSON**

THE GLOBAL PERSPECTIVE



The annual Transparency International (TI) Corruption Perceptions Index (CPI) ranks countries or territories by their perceived levels of public sector corruption.

The lower the score, which falls between 100 and 0, the more corrupt the country is perceived to be. Out of 175 countries scrutinised,

South Africa's score went up by two, from 42 to 44, and managed to jump five places in the rankings, from 72 to joint 67. Corruption Watch notes with great concern that the country has again scored below 50. According to TI, a score below 50 indicates a significant corruption problem, which places South Africa in precarious territory.

The African situation

In sub-Saharan Africa, Botswana was the top-ranked country at 31, with a score of 63. It was followed by Cape Verde at 42 and a score of 57, and Seychelles at 43 with a score of 55. Then came Mauritius (47, 54), Lesotho (55, 49), Namibia (55, 49), Rwanda (55, 49), Ghana (61, 48), and finally South Africa.

Country / Territory

Country Rank

Regional Rank

Botswana	31	01
Cape Verde	42	02
Seychelles	43	03
Mauritius	47	04
Lesotho	55	05
Namibia	55	05
Rwanda	55	05
Ghana	61	08
South Africa	67	09
Senegal	69	10
Swaziland	69	10

Dismal performance by BRICS nations

The BRICS nations continue to perform poorly on the CPI. Brazil, Russia, India, China and South Africa need to urgently prioritise ways of collectively combatting the pervasive public sector corruption that is common to all these developing countries.

Corruption Perceptions Index score

Brazil	43/100
Russia	27/100
India	38/100
China	36/100
South Africa	44/100

"I might not have the ability to change the world, but my not being corrupt will always spark a possibility of a corruption free South Africa."

-Tshepang Mokgatla, 28

ADDING UP THE NUMBERS

56% OF THE REPORTS WE RECEIVED IN 2014 WERE CLASSIFIED AS CORRUPTION

PROVINCIAL CORRUPTION CONCERNS:

Corruption reports from Gauteng

2014 - 44%

2013 - 38%

2012 - 46%

North West

5%

Northern Cape

1%

Western Cape

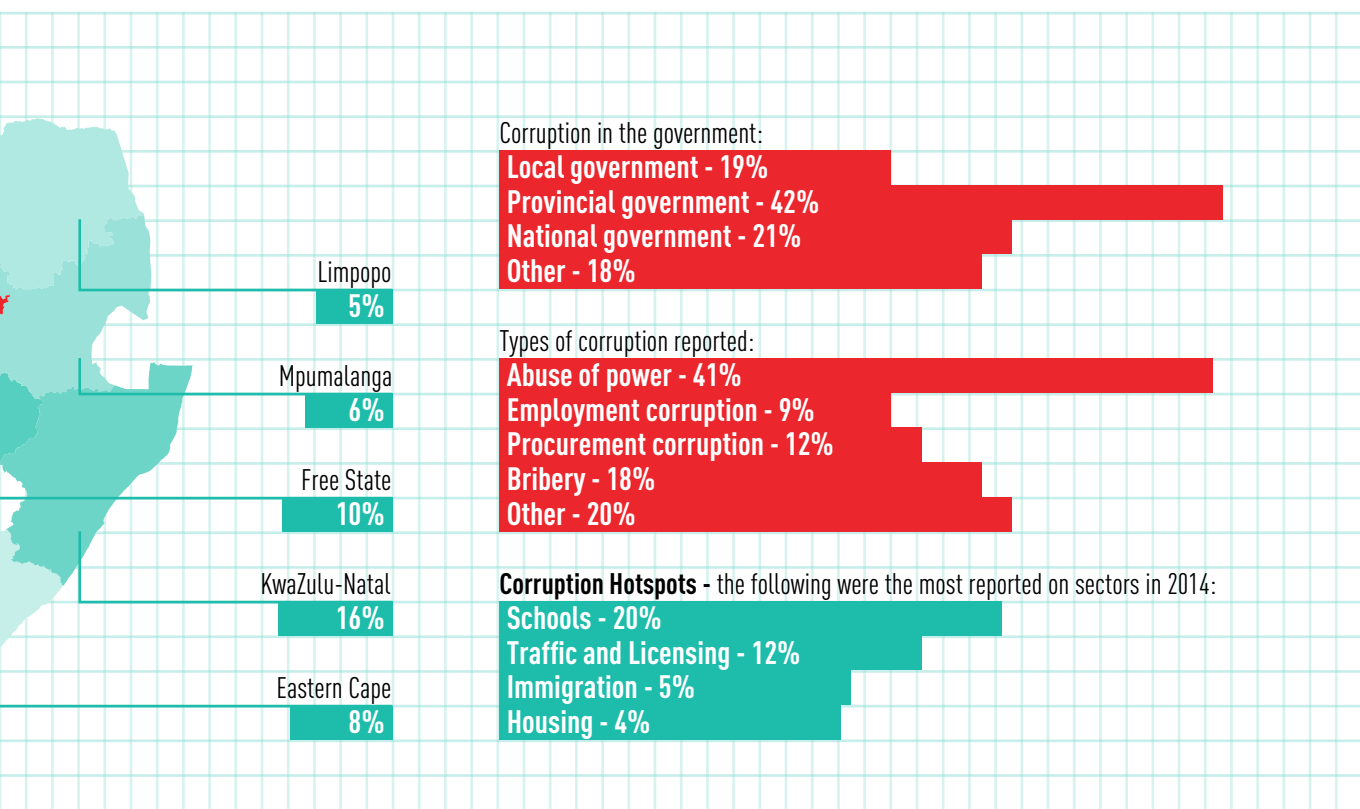
5%

Corruption Reports

Corruption Watch received **2 714** complaints of corruption in 2014 – which translates to an average of **seven reports received a day**. Of these, **56% were confirmed** as corruption in terms of Corruption Watch's official definition.

**Corruption is the abuse of public resources or public power for personal gain. Corruption Watch is concerned with any such abuse by anyone at any level of government or in business.*

Corruption Watch was launched in January 2012; in our three years of existence, we have received **8 181 corruption complaints**. Over the years, the overall quality of reports has improved significantly, and there has been an increase in the number of reports confirmed as corruption.



Hotspot for corruption

For the third year, Gauteng topped the provincial charts; 44% of the total number of reports received in 2014 emanated from this province.

While the number of reports received from Gauteng dropped in 2013, the figure increased by 6% in the year under review.

Abuse of power

Abuse of power is the predominant type of corruption, according to the 2014 reports. Bribery is also on the rise, with a spike in reports about traffic and licensing corruption.

** Abuse of power is when a government official abuses their position for personal gain.*

ON THE CAMPAIGN TRAIL



SAFEGUARDING OUR SCHOOLS

Schools are fertile grounds for corruption, as seen in the reports we received in our early months.

Given this, we were prompted to launch a Schools Campaign. Through it, we aim to influence policy and practice regarding the management of school funds, as well as to support access to information about the use of these funds. The overall objective is to encourage the public to resist and report corruption in schools.

Since 2012, Corruption Watch has received over 1 000 reports of corruption in schools. Most of the complaints stem from Gauteng, with the majority from Johannesburg.





SCHOOL CORRUPTION STATISTICS FROM THE REPORTS WE RECEIVED:

School corruption across SA

Eastern Cape - 17%
Free State - 20%
Gauteng - 22%
KwaZulu-Natal - 17%
Limpopo - 4%
Mpumalanga - 5%
North West - 3%
Northern Cape - 1%
Western Cape - 3%

*The remaining 8% of reports did not include a geographical location

Top four metropolitan hotspots

City of Johannesburg - 9%
Ekurhuleni - 5%
Ethekwini - 4%
Manguang - 4%

Types of school corruption reported

Financial mismanagement - 37%
Theft of goods - 4%
Theft of funds - 22%
Tender corruption - 13%
Employment corruption - 8%
Other - 16%

“Corruption is but a vehicle of injustice.
Consent is its fuel, and we are its drivers.”
- Zola Valashiya, 25

WHO IS RESPONSIBLE?

According to Corruption Watch's data, principals are the number one culprits when it comes to corruption in schools.

How some principals are misusing school finances



Fiery debate in Free State

In early 2014, we launched our Model Youth South Africa (MYSA) challenge, an initiative that encourages public engagement with, and debate on, corruption in schools. The pilot programme was introduced in the Free State, with the help of Debate Afrika. It was open to learners from grade nine to matric. MYSA drew 50 youngsters – who made up teams of five people each – from 10 schools in Bloemfontein.

In the first of three phases, the teams drew up media campaigns with the theme of “My corruption-free school”. With each team using their school as the centre

of their campaign, the learners had to create public education material that included social media drives and solutions to the issue of corruption in their school. The second phase of the contest was an essay with the theme of “Corruption: a legal or moral issue?” The teams had to write policy essays that expanded on whether they viewed corruption as a moral or legal issue. They also needed to substantiate their points. Beyond the written work, the teams were judged on how well they engaged their constituencies.

Finally, each team participated in a parliamentary-style debate that tackled the issue of punishment for corruption crimes. Teams

presented their position on whether corruption in schools should be sanctioned through corporal punishment. Team Scythe was the overall winner, taking home the trophy and the grand prize – donated by Corruption Watch – of a new computer for their school.

Harassed for speaking up

In June 2014, we were approached by a group of teachers from a school on Gauteng's East Rand. They claimed they were being victimised following the exposure of maladministration at the school. Corruption Watch conducted a preliminary investigation and located the registered owner of the

Financial mismanagement

Financial mismanagement involves a host of activities that include the misappropriation of funds, lack of financial accountability, disregard for processes and a lack of financial reporting to both parents and other members of the SGBs.

In most cases, principals either mismanage funds alone or collude with certain SGB members.

Tender corruption

Reports indicate that principals are manipulating the tender process to enrich themselves. The most cited manner in which the tender process is corrupted is by the allocation of tenders to friends and family members of the principal, or SGB members.

Theft of funds

Most reports indicate that principals are stealing money by altering the signatories on the school bank account and then signing blank cheques, or by getting the signatories to sign blank cheques and then the money is not accounted for in the financial statements.

sim card that was used to harass one of the teachers at the school. Armed with this information, we helped this teacher to open a criminal case at Dawn Park Police Station, and assisted the police by handing over the critical information gathered during our preliminary investigation. This case illustrates how Corruption Watch can act as a link between people who experience and report corruption, and the authorities who can investigate the matter and take action against wrongdoers.

Misconduct in KwaZulu-Natal

Corruption Watch investigated allegations of financial maladministration at Avon Junior

Primary School, a public school in Westville, a suburb in eThekweni. Following our engagement with the school governing body (SGB) and pressure from us on the KwaZulu-Natal Department of Education, the principal of the school – Raj Maharaj – was placed on precautionary suspension pending the outcome of an internal departmental investigation. Maharaj is accused of paying a service provider more than R300 000 over a period of two years without following correct supply chain management procedures. It is disappointing that since Mr Maharaj was placed on precautionary suspension,

the school's disciplinary proceedings against him have not yet concluded. Corruption Watch has merely been advised of repeated postponements.

2015 SGB elections

Through our schools campaign, we have learned that parents are largely uninformed about the roles, functions and responsibilities of SGBs and the management of school funds. Corruption Watch plans to participate in SGB elections in 2015 by targeting parents, and educating them on the importance of playing an active role in participating and electing accountable and ethical individuals to serve on the SGB.

ON THE CAMPAIGN TRAIL

LISTENING TO YOUNG VOICES

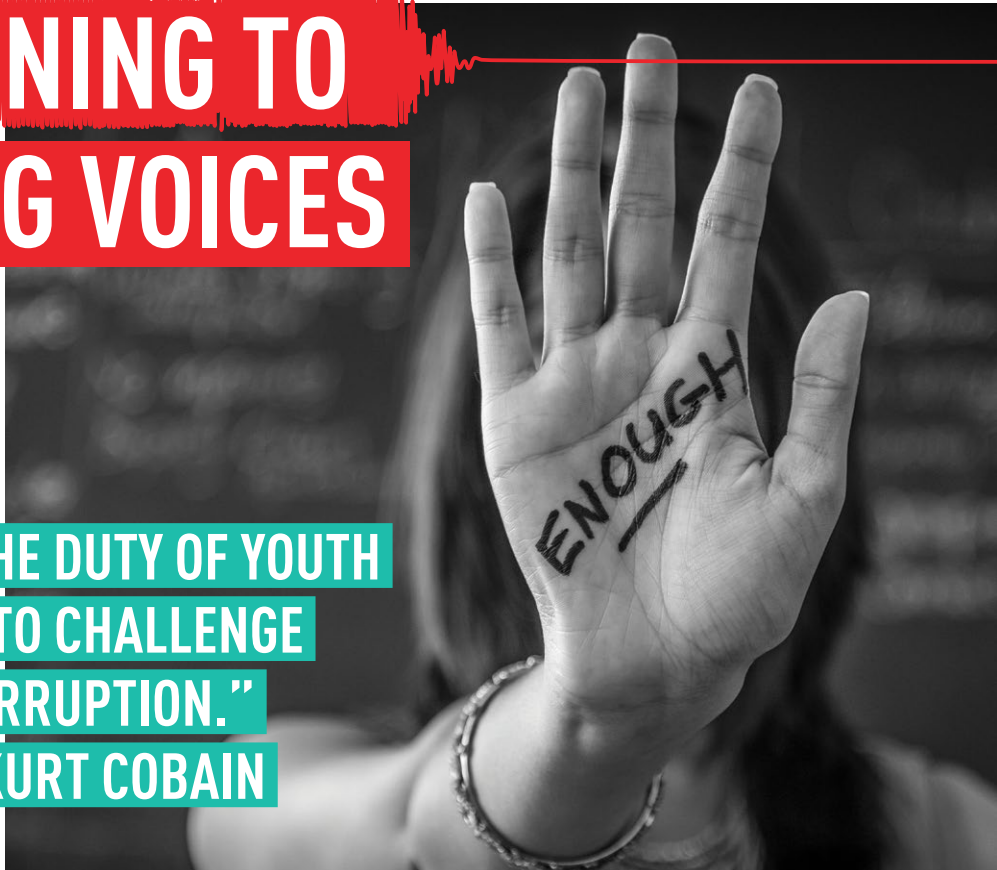
**“THE DUTY OF YOUTH
IS TO CHALLENGE
CORRUPTION.”
– KURT COBAIN**

Corruption Watch understands that to shift the corruption scales in South Africa, we need the youth on our side. Young people can play an integral role in fighting corruption; all they need to do is reject it!

For this reason, we are launching the Youth Campaign in early 2015 that aims to educate youth about corruption and encourage them to be vocal and action-orientated in dealing with this problem.

Corruption steals from the future

Over 6 000 respondents between the ages of 14 and 34 participated in an online survey that revealed interesting insights into how corruption affected the youth, as well as ideas to eradicate it. The survey was conducted via Mxit, and the respondents were fully representative of the users of the popular social networking app.



84% OF THE SOUTH AFRICAN YOUTH ARE CONCERNED ABOUT CORRUPTION

Ages of 6 372 youth respondents:

15-17yrs - 17%

18-24yrs - 39%

25-34yrs - 44%

Youth believe the following sectors are the most corrupt:

Police - 24%

Transport and Licensing - 24%

Home Affairs 12%

Youth feel that the following are the most effective ways to fight corruption:

Educate people - 37%

Tougher penalties -30%

Name and shame culprits - 30%

7/10 respondents claimed to have been affected by corruption in some way:

"I was less likely
to get work"

"I didn't have access to
proper basic services"

"I had to pay
a bribe"

"Mr President, the fact that you and others fought for the freedom of this country does not give you the right to abuse its resources and its people. It does not give you the right to waste tax payers' money and it certainly does not give you the right to think that you are above the law."

-Kavisha Pillay, 22

BUILDING A BRIGHTER TOMORROW

Corruption Watch has begun engaging with about 30 young leaders regarding their experiences and perceptions of corruption, as well as solutions on how to combat it. This diverse group of young leaders, drawn from across South Africa, is made up of chief executive officers, SRC presidents from universities and colleges, members of debating teams in secondary schools and tertiary education, and youth participants in leadership programmes and community-based organisations. This forum of young leaders will become the face of the Corruption Watch Youth Campaign and will inform our continuing strategy on engaging South Africa's youngsters.

International Anti-Corruption Day

In 2003, the United Nations designated 9 December as its annual International Anti-Corruption Day. The day was established to raise awareness about the crime of corruption and of the role of the UN Convention Against Corruption in combating and preventing it. In South Africa, Corruption Watch celebrated the day in 2014 by engaging with the youth in creative and innovative ways.

Hayi Basile

We collaborated with Fiesta Black, a young star on the rise, on a hard-hitting song that expresses the exasperation many people feel about the high levels of corruption in South Africa. The song is called Hayi Basile, which is loosely translated as "they are wicked". We decided to use music to highlight corruption prompted

by the responses to our youth survey conducted in June 2014. Young people noted that they would consider participating in an anti-corruption campaign that used music, art or theatre. Fiesta Black, like many other young South Africans, has experienced the effects of corruption and has seen how people commit the crime with ease. She is now using her voice to highlight the frustrations of so many young people who feel powerless in their own country.

My Corruption Free Africa

Sticking with the creative arts, Corruption Watch launched a Pan-African youth writing and photographic competition with the theme "Corruption through my eyes". The competition is open to all African youth between the ages of 16 and 30, and there are great cash prizes in each category: first prize is a cool

\$1 000, while the first runner-up will get \$500 and the second runner-up will get \$250. Winners will be announced on 17 April 2015.

Licensed to Lie

Together with the FunDza Literacy Trust, Corruption Watch published a seven-chapter short story about corruption in the driving license sector. The drama, called *Licensed to Lie*, was available on our Mxit app. The intention is to educate young people, using creative writing, about how to identify and resist corruption in this sector. Again working with FunDza, we will publish two more sets of short stories – highlighting corruption in the policing and education sectors – in 2015.

Fiesta Black - Hayi Basile ©
Lyrics →



Original lyrics

*We work hard every day sisebemza kanzima
Nina umsebenzi wenu ukudla mahala kuphela
Izithembiso zomkokotelo nidume ngazo
Don't give a shit about nobody else but yourself*

*Hayi lezinja ziselfish
Zihlala ku ma mansion
And tot tot ufun'i upgrade yena losatan'
Bayas'dlalisela ngama Prada
Bayas'gcwalisela ngama gama
Kodwa thina basenzelani na? Nada*

*Chorus
Hayi basile, man
Hayi basile, hayi basile, man (x2)
Hayi basile rha
Hayi basile, man (they're wicked)
Hayi basile, hayi basile, man (x2)
Hayi basile stout*

*Bring me my blue light brigade
Johnny Blue and lemonade
I like to kick back in style
Louis Vuitton slacks
Skim some cream then relax
Go extra-large pockets
Brown paper bags
So please lose the docket
[You're confident you'll never fall]
Showing us you wanting more
[In fact showing us that you'll take it all] x2*

Chorus

*{Bridge}
Nathi siyabavumela
Kusho khona ukuthi nathi sikhohlakele
Iyo yo iyo yo asiyekeleni itjotjo itjotjo
Masibambane ngezandla
Siyilwise lendaba awe ma
Iyo yo iyo yo asiyekelen' itjotjo itjotjo*

Chorus

Loose translation

*We work hard every day, we work hard
Yours is just to eat for free
You're known for empty promises
Don't give a shit about nobody else but yourself*

*These dogs are selfish
They live in mansions
Every now and again this devil wants an upgrade
They flaunt their Prada in our faces
Flashing designer labels
But what do they do for us? Nada*

*Chorus
They're wicked, man
They're wicked, they're wicked, man (x2)
They're wicked swine
They're wicked, man
They're wicked, they're wicked, man (x2)
They're wicked*

*Bring me my blue light brigade
Johnny Blue and lemonade
I like to kick back in style
Louis Vuitton slacks
Skim some cream then relax
Go extra-large pockets
Brown paper bags
So please lose the docket
[You're confident you'll never fall]
Showing us you wanting more
[In fact showing us that you'll take it all] x2*

Chorus

*{Bridge}
We let them get away with it
Which makes us just as wicked as they are
Let's stop it with the bribes
Let's hold hands
And fight this phenomenon
Let's stop it with the bribes*

Chorus

ON THE CAMPAIGN TRAIL



HOUSING BLUES

In the year under review, Corruption Watch launched a pilot campaign in Gauteng on corruption in the housing sector. Since 2012, we have received over 200 reports of corruption in the sector, with most of them originating in Gauteng. And the highest number of these housing complaints – at 25% – has come from Johannesburg.

Based on the complaints we have received, it is clear that the manner in which RDP houses are allocated is highly susceptible to abuse and corruption. Lack of transparency and recipients' lack of understanding of the allocation processes allows corrupt local councillors to take advantage of the system. Other forms of housing subsidies and low-cost housing arrangements are also prone to abuse.

According to our reports, corruption in the housing sector occurs in the provincial and local tiers of government.

At a provincial level, corruption takes place in the following forms:

- **Embezzlement of funds that are allocated for housing:** this is widespread in the provision of low-cost housing in metropolitan areas, where the municipality employs a third party to manage municipal flats and other low-cost housing. Money allocated for these projects is embezzled by housing officials in the department.

- **Corruption in the procurement processes associated with building houses:** procurement processes are particularly vulnerable to corruption. This pertains to both the selection of suppliers – where

procedures are flouted and tenders are allocated to family and friends of housing officials – and the over-payment of suppliers so that officials in the housing department, by colluding with suppliers, can embezzle funds.

- **Allocation of houses:** houses are allocated to specific individuals as a result of their connection to politically powerful people.

At the local level, reports have indicated that corruption takes place in the following forms:

- **Local councillors solicit and accept bribes to allocate RDP houses:** local councillors are





Where the housing complaints come from:

Eastern Cape - 5%

Free State - 5%

Gauteng - 52%

KwaZulu-Natal - 9%

Limpopo - 3%

Mpumalanga - 9%

North West - 4%

Northern Cape - 6%

Western Cape - 7%

reported to be accepting bribes from people to whom houses have not yet been allocated. Bribes are accepted either to speed up the allocation process for people who have already registered, or to get access to a second house.

- **Fraudulent identities to gain access to RDP houses:** false identities are used to get RDP houses. Fraudsters either use the identities of dead people, or of people who are not eligible for an RDP house.

- **Unauthorised allocation of houses:** local councillors sell RDP houses or allocate them to friends and family members.

COMMUNITIES GET INVOLVED

In partnership with other civil society organisations, Corruption Watch hosted a town hall meeting in Soweto in October 2014. Leading up to the gathering, we engaged with the Gauteng provincial Department of Human Settlements, which gave us information on housing allocation policies and other relevant legislation. We shared this information with audiences at the town hall meeting.

UNMASK THE CORRUPT



Corruption Watch is participating in a global campaign, Unmask the corrupt, launched in June 2014 by Transparency International (TI). Corruption is vulnerable to exposure when the corrupt act occurs and when those who benefit from corruption attempt to hide their ill-gotten gains. This global campaign is primarily aimed at exposing those, in both the private and public sectors, who attempt to hide the proceeds of corruption, crime and tax evasion. This practice is often referred to as 'money laundering'.

ILLICIT MONEY FLOWING GLOBALLY PER ANNUM**ESTIMATED \$1-TRILLION** (Global Financial Integrity, 2009)**ILLICIT FUNDS SOURCED BACK TO THEIR BENEFICIARIES****ESTIMATED LESS THAN 1%** (Transparency International)**ILLICIT MONEY FLOWING FROM AFRICA PER YEAR****ESTIMATED \$50-BILLION** (ECA External Communications and Media Relations Section, 2013)

Curbing illicit financial flows requires both private sector actors and government officials to actively participate in the fight against money laundering and corruption.

In the first step, governments are urged to require companies bidding for public sector contracts to disclose their beneficial ownership and to place this information on a public register. Bankers, lawyers and accountants who advise on the establishment of companies and trusts should

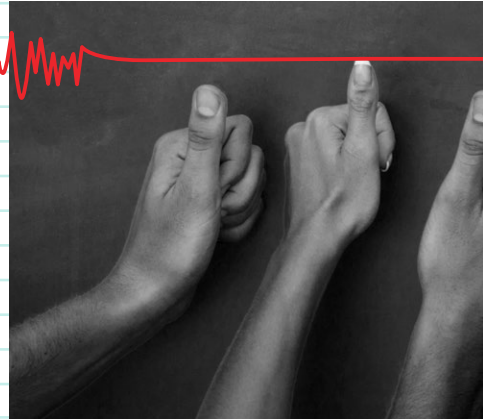
also be required to conduct proper background checks and due diligence on the people and companies with which they work.

Governments and professional bodies are urged to enforce these provisions vigorously. The proceeds of corruption are also frequently laundered through the purchase, usually for cash, of costly luxury goods, such as expensive properties, cars, jewellery, artworks, yachts, private jets and casinos,

to name the most obvious. Retailers and agents who are involved in the trade of luxury goods should be subject to the same “Know your customer” standards imposed on banks.

Governments are urged to adopt and enforce laws that prohibit property and associated financial brokers, as well as dealers in other high-end luxury goods from accepting cash above a specified amount and to report any suspicious transactions.

COUNTING THE VICTORIES



Protecting the poor

In 2013, the Constitutional Court handed down a judgment in the South African Social Security Agency (Sassa) matter, to which Corruption Watch was party. The court set aside an unlawful R10-billion Sassa grants tender and ordered that a new tender process be administered. We are continuing to exert pressure on Sassa and the National Treasury to ensure that the new bid process is transparent and that all required steps are taken to ensure that proper procurement processes are followed.

We are also engaging with Sassa and the Directorate of Property Crime Investigations to ensure that allegations of corruption, made in respect of the initial tender process, are investigated and prosecuted. The Hawks have recently confirmed that they are investigating these allegations.

Averting a water crisis in KwaZulu-Natal

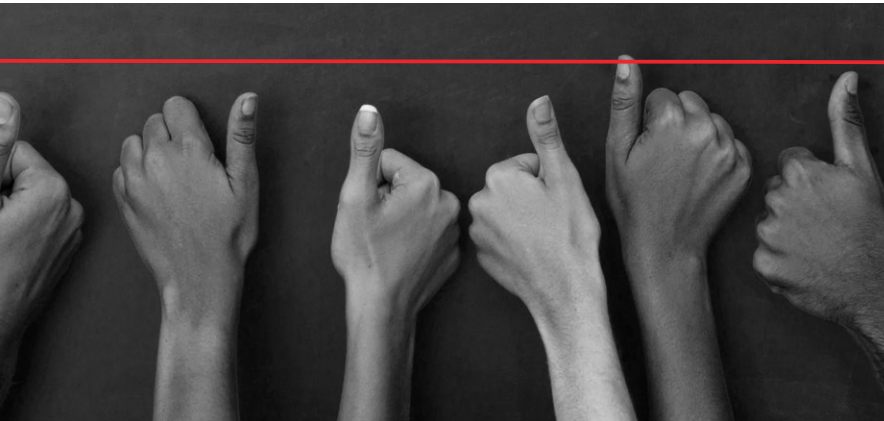
A two-month investigation by Corruption Watch revealed that a multimillion-rand water tank installation project for RDP and rural households in KwaZulu-Natal was littered with problems and was heavily compromised by poor governance. The project, implemented through the provincial Department of Human Settlements and the National Home Builders Registration Council (NHBRC), was also hampered by a lack of consistent oversight during the implementation stage and thereafter.

We discovered through an internal audit report leaked to us, that during the project's implementation stage, a number of additional irregularities raised alarm bells early on.

These included the duplication of beneficiaries and housing stand numbers by installers, against which payment was claimed. But keeping records of the names of the beneficiaries of the tanks was not a requirement of the project, according to the NHBRC.

At the heart of the leaked internal audit report are the following significant findings:

- 313 identity numbers that were used for claiming payments by the water tank installers do not comply with the Department of Home Affairs regulations;
- 240 tank installations were paid for without the home owner's identity number or stand number referenced on the invoices; and,
- 398 identity numbers were duplicated and payment was made against them.



Corruption Watch has submitted a request in terms of the Promotion of Access to Information Act (PAIA) seeking access to further documents regarding this project.

Misusing public property for personal gain

Following an investigation by Corruption Watch, the acting manager of the Roodeplaat Dam Nature Reserve has been suspended by the Gauteng Department of Infrastructure and Development for using government land to run a private business without authorisation. It was found that the acting manager, Debbie Joubert, erected shacks at the nature reserve, which she rented to employees. Joubert also directly competed with the department by channelling visitors to a private resort called

Angling Grounds, which is run by her husband's company.

Putting the brakes on union greed

In May 2014, Corruption Watch was approached to help with a preliminary investigation into allegations of fraud and theft involving officials in the South African Municipal Workers Union, as well as a private company that is rendering services to the union. Among other actions, we profiled those people alleged to be involved in illegal activities. Using our findings, we helped to open a criminal case against those implicated and also assisted with the transfer of the criminal case to the Commercial Crimes Unit of the South African Police Service (SAPS). The criminal case is being handled by the SAPS, and we have been advised that the matter will be heard soon; no specific dates have been provided.

Tracing the money at the National Health Laboratory Services

South African health news service, Health-e News, together with Corruption Watch, investigated allegations of corruption at the National Health Laboratory Services (NHLS) involving irregular expenditure of R18-million by a former University of the Witwatersrand professor over a period of 10 years. Professor Ahmed Wadee is allegedly responsible for ordering between 13 and 26 HIV testing kits each month, at a cost of more than R3 000 per test, which never arrived at the NHLS. The matter is currently being investigated by the Hawks.



TOOLS OF OUR TRADE



Powers of the Public Protector

In the High Court matter between the DA and the board of the SABC, Judge Schippers found, among other things, that the Public Protector's recommendations were not binding and that the onus was on the Public Protector to review any failure to implement the Office's recommendations.

Corruption Watch is intervening in this matter as *amicus curiae* to make submissions about the importance of the Office of the Public Protector in fighting corruption, as well as the importance of the Office's recommendations having binding powers. Similar intervention is being considered in respect of

other litigation, which will have a bearing on the nature and extent of the Public Protector.

Oral submissions on PAM Bill

In March 2014, Corruption Watch made oral submissions to the Parliamentary Portfolio Committee on Public Service and Administration regarding the new Public Administration Management Bill (PAM Bill). We have expressed our general support to the Department of Public Service and Administration to provide for better organisation, management, functioning and personnel-related matters in the public administration in all three tiers of government.

We maintain the view that the proposed anti-corruption bureau is necessary to combat corruption in the public service and does not impermissibly intrude on the autonomy of provincial and local government. The PAM Bill has since been signed by the president, but no commencement date has been announced. Corruption Watch will provide an in-depth analysis of the Act over the next two months.

Submissions on the Protected Disclosures Amendment Bill

The Department of Justice and Constitutional Development invited written comments on the Draft Protected Disclosures Amendment Bill in June 2014. Corruption Watch, together with Section27,



Apart from the direct sanctioning of corrupt behaviour, **Corruption Watch aims to create change** by pressuring the state to develop and support a corruption free environment. Such pressure is exerted by strategic litigation, submitting comments on relevant legislation and policy, as well as public awareness and education.

the public interest law centre, submitted written comments on the Bill. The joint submission called for the inclusion of “citizen whistleblowers” within the ambit of the Protected Disclosures Act, rather than the Act only focusing on whistleblowing in the workplace.

Access to Information

In order to conduct some of our more important work, Corruption Watch relies on being able to access information contained in court files at various courts around the country. In a judgment between South African National Roads Agency and the City of Cape Town, the Cape High Court imposed restrictions on accessing certain information in

the interests of maintaining the confidentiality of such information. The judgment, as a precedent for such an approach, has the potential to severely hamper the work of journalists and public interest organisations around the country. For this reason, Corruption Watch joined several other *amici* in challenging the judgment before the Supreme Court of Appeal. The challenge is being led by the Legal Resources Centre.

Promotion of Access to Information Act

Ordinary people – citizens and non-citizens alike – have the right to access information held by South African government entities and private corporations. The PAIA

came into force in 2000 and allows for individuals and organisations to ask for records in the possession of the state or private companies, such as documents, pictures and audio files. The Act also aims to create a culture of openness and accountability in South Africa.

Since December 2013, Corruption Watch has made 22 PAIA requests. Three resulted in the full release of the requested records. The remaining requests have received either partial responses or been ignored. The Gauteng Department of Education, in particular, has failed to respond substantively to many requests. Given this, we have decided to go to court in respect of a matter involving a school in Midrand, Gauteng.

MESSAGE FROM OUR EXECUTIVE DIRECTOR

DAVID LEWIS, EXECUTIVE DIRECTOR
OF CORRUPTION WATCH



Fighting corruption is a long-term affair; in fact, it is probably a permanent task. Any society that fails, even for a moment, to hold accountable its elected representatives and its public and private sectors leaders, will be confronted by increasing corruption.

There is little doubt of the determination of the South African public to hold accountable those who abuse public power and public resources. From suburban dinner tables to shacks in informal settlements, corruption and its corrosive consequences is the conversation of the day.

Public outrage is expressed in various ways: in voting patterns, in “service delivery protests”, in declining investment.

Elevating corruption to first place in South Africa’s political conversation is the contribution

that Corruption Watch has made and will continue to make. Loud and well-informed talking is the way democracies change.

There is evidence that those in power are starting to get the message: politicians at every level jostle to establish their anti-corruption credentials. While many of them are clearly hypocritical and simply pandering to popular opinion, each time an elected representative proclaims his opposition to corruption he publicly sets a higher standard against which the public will judge him.

At least as important, there is clear evidence that the leadership of both the public and the private sectors recognise the critical role of civil society. We see this in the constant stream of requests from government institutions and businesses to assist them

in developing anti-corruption programmes, invitations which we are always pleased to accept.

Our senior courts have long demonstrated the serious light in which they view corruption. Particularly encouraging is the recent decision by the Supreme Court of Appeal to increase the sentence of J Arthur Brown for stealing funds entrusted to him from a fine of R150 000 to 15 years imprisonment. Clearly the court recognises that to stem corruption, it is necessary to demonstrate that there will be serious consequences for those caught with their fingers in the till.

For all these reasons, we at Corruption Watch see a glimmer of light at the end of the tunnel. But we still have a mountain to climb and now is the time to increase the pressure. We have

identified a number of critically important targets for the next phase of our work. These include exposing the impunity enjoyed by those who are politically well-connected; reforming the criminal justice system; making political party funding transparent; reforming the procurement system; reducing the vulnerability of local government to corruption; and shining a light on the flow of illicit funds to and from South Africa.

Of course, none of these major problems will be solved overnight; nor will they be solved by Corruption Watch acting alone. Our contribution will be to raise the volume and quality of discussion around these issues, to draw the South African community into these important conversations, and to place public pressure on all of those empowered to effect the necessary reforms.

The following year will see us focusing on drawing the voice of the youth into the struggle against corruption.

Our approach to the youth is not based on the condescending notion that they are “the leaders of tomorrow”, implying that if they behave themselves and respect the “leaders of today” they will learn the ropes and be admitted to the ranks of leadership when their time comes. In the area of

corruption, certainly, the youth have little to learn from the current generation of leadership. We approach the youth on the basis that they are the leaders of today. The youth lead the way in music and fashion, in the adoption and adaptation of new communications technologies, in the very language that we speak. They are already proven leaders, great influencers of their parents’ generation. There is no reason to expect that they will not lead the way in fighting corruption.

Moreover, the youth are the generation least likely to embrace conservative values, and most likely to believe that a fundamental change in values and ethics is possible.

So these then are the pleas that we will make to the youth when we ask them to lead the struggle against corruption: The first is to embrace change. For better and for worse, there are plenty of others who will argue for conserving the past. You, the youth, should be the representatives of change. Secondly, seize this moment; insist that your voices be heard now. If you wait until you are told by this generation of leadership that you are ready to lead, it will be too late to change anything, certainly it will be too late for you to change anything.

And, finally, aim high.
Don’t stop at changing your
immediate environment;
while you’re at it, go for
broke and change the world.

Some of you may feel – and you would be justified for feeling this way – that for a person embarking on her working life, the most challenging uncertainties are in the surrounding environment. Some may be concerned by corruption; some may be concerned about climate change; others may be concerned about growing inequality and unemployment. Don’t imagine that anyone will overcome these problems for you. So whatever you do, keep the big picture in mind and set about repainting the canvas. Just start doing it in the certainty that, when you find the right brushes and colours to use, others will join you – even your parents. And when others join you, those in power will be forced to listen.



DAVID LEWIS,
EXECUTIVE DIRECTOR OF
CORRUPTION WATCH



MEET OUR BOARD



**ARCHBISHOP NJONGONKULU
NDUNGANE - FORMER ANGLICAN
ARCHBISHOP OF CAPE TOWN**

Archbishop Njongonkulu Ndungane is the former Anglican archbishop of Cape Town and is a recipient of the Order of the Grand Counsellor of the Baobab in Silver. He retired from religious service in 2007 but is still active in society. His current positions include founder and president of African Monitor, executive director of the Historic Schools Restoration Project, and chairman of the Council of the University of Cape Town. He is also a trustee of The Sunfoil Educational Trust, recently formed by Cricket South Africa. Ndungane is known for his commitment to social issues, such as poverty alleviation, the Millennium Development Goals, and the transformation of historically significant and under-resourced schools into centres of cultural and educational excellence.

Archbishop Ndungane is currently the chairperson of the Corruption Watch board



**ADILA HASSIM - ADVOCATE AND
DIRECTOR OF LITIGATION AND
LEGAL SERVICES AT SECTION27**

Adila Hassim is one of the founders of Corruption Watch. She is an advocate and director of litigation and legal services at Section27. Hassim earned a BA and LLB from the University of Natal, followed by an LLM from the St Louis University School of Law, as well as a JSD, or doctorate in law, *cum laude* from the University of Notre Dame Law School, both in the United States. She is a member of the Johannesburg Bar and was admitted as an advocate of the High Court of South Africa in 2003. Hassim has published in law journals, health journals and newspapers and has co-authored books on human rights and health law. She is a member of the National Association of Democratic Lawyers and is an honorary member of the Treatment Action Campaign (TAC).



ALICE BROWN - INTERNATIONAL
HUMAN RIGHTS ADVOCATE

Alice Brown is an international human rights advocate and an expert on the use of the law for the public good. In her distinguished career, she has focused on civil rights litigation and social justice philanthropy, with an emphasis on institution-building for non-governmental organisations. She served nearly two decades of leadership at the Ford Foundation, as a human rights programme officer in its New York headquarters and as a programme officer, deputy representative and then representative in the foundation's Southern African office. Brown is a member of the US Council on Foreign Relations, as well as of the advisory committees of the Wits Justice Project and of Lawyers Against Abuse. She is a former board member of Human Rights Watch, the Lawyers' Committee for Human Rights and the South Africa - United States Fulbright Commission, as well as an alumna of Common Purpose South Africa.



DAVID LEWIS - FORMER COMPETITION
TRIBUNAL CHAIRPERSON

David Lewis chaired the Competition Tribunal for a decade, from its founding. Between 1975 and 1990 he worked in the trade union movement, serving as general secretary of the General Workers' Union and national organiser of the Transport and General Workers' Union. Lewis participated in the drafting of South Africa's Competition Act, and was a member of the Competition Board. He was also a founder member of the International Competition Network and has served as deputy chairman of the Industrial Development Corporation (IDC). In 2009, he was appointed an extraordinary professor at the Gordon Institute of Business Science in Johannesburg. He is also an author and his book, *Thieves at the Dinner Table: Enforcing the Competition Act – a Personal Account*, was published in 2012.

Lewis is currently the executive director of Corruption Watch.



EMMA MASHININI - FORMER
GENERAL SECRETARY OF CCAWUSA

Emma Mashinini became the first general secretary of the Commercial, Catering and Allied Workers' Union of South Africa (Ccawusa) in 1975. Over the following years, she was instrumental in growing the union substantially. Mashinini was arrested in 1981 under Section 6 of the Terrorism Act, and was held in solitary confinement at Pretoria Central Prison for six months. In 1985, through her role in Ccawusa, she was involved in the formation of the Congress of South African Trade Unions (Cosatu). In 2007, Mashinini became a Companion of the Order of Luthuli in Bronze for her "outstanding contribution in building the trade union movement, her resilience under apartheid harassment and detention, in the cause for a non-sexist, non-racial, just and democratic South Africa".



KATE O'REGAN - MEDIATOR AND FORMER CONSTITUTIONAL COURT JUDGE

Kate O'Regan is a former Constitutional Court judge, appointed in 1994 during the transitional period to democracy. She was the youngest judge, and was one of only two women to be appointed. Her 15-year term ended in 2009. O'Regan was the inaugural chairperson of the United Nations Internal Justice Council, from 2008 to 2012, and is currently president of the International Monetary Fund Administrative Tribunal. She is also a member of the World Bank Sanctions Board, an ad hoc judge of the Namibian Supreme Court, a visiting professor at Oxford University in the United Kingdom, and an honorary professor at the University of Cape Town. In the early 1980s, O'Regan worked in Johannesburg as an attorney, representing trade unions, anti-apartheid organisations and communities facing eviction under apartheid land policy.



MARY METCALFE - EDUCATIONIST AND DISTINGUISHED ACADEMIC

Mary Metcalfe is working on large-scale system improvement in education in KwaZulu-Natal and the Northern Cape. Best known as an educationist and a distinguished academic, she is also a visiting fellow on the Soweto Campus of the University of Johannesburg, a visiting adjunct professor at the University of the Witwatersrand (Wits), and chairperson of the Open Society Foundation's global Education Advisory Board. Metcalfe was elected as a member of the African National Congress to the Gauteng Provincial Legislature in 1994 and was a member of the executive council for education in the province from 1994 to 1999. This was followed by an appointment as MEC for agriculture, conservation, environment and land. In 2004, she returned to education, joining Wits as head of the School of Education. In 2009, she was appointed director-general of the new national Department of Higher Education and Training. She also worked in education at the Development Bank of Southern Africa from 2011 to 2013.



MAVUSO MSIMANG - FORMER HOME AFFAIRS DIRECTOR-GENERAL

Mavuso Msimang is the former director-general of the national Department of Home Affairs. While in that position, he was instrumental in putting in place systems that greatly improved turnaround times in the issue of face-value items such as identity documents, birth certificates and passports. He served on the MK Military High Command from 1966 to 1969 during the struggle against apartheid, and was then appointed secretary to ANC president Oliver Tambo. In 1994, he took on the country's unpopular tourism marketing organisation, then called Satour, and, with his board, laid the foundation for the establishment of the new-look SA Tourism. Msimang was the chief executive of South African National Parks and played a crucial role in restoring the integrity of operations at the State Information Technology Agency. His non-executive board directorships include the African Parks Network and the Peace Parks Foundation. He is also chairperson of the iSimangaliso Wetland Park in KwaZulu-Natal, a World Heritage site.



VUSI PIKOLI - PROVINCIAL POLICE OMBUDSMAN

Vusi Pikoli is an advocate by profession. Between 1991 and 1994 he worked in the private legal profession, but became special adviser to then minister of justice, Dullah Omar, in 1994. In 1997, he became deputy director-general of human resources in the Department of Justice and Constitutional Development and in 2005, was appointed to lead the National Prosecuting Authority. Pikoli is a former trustee of the Constitutional Court Trust, and is a founding member of the International Association of Anti-Corruption Authorities. Until February 2012, he was a director of the forensic investigation division at SizweNtsalubaGobodo. He is currently an independent director on the board of Cricket South Africa, on which he chairs the Social and Ethics Committee. In August 2012, Pikoli and Kate O'Regan were appointed as co-commissioners of a commission of inquiry into allegations of police inefficiency in Khayelitsha, in Cape Town. In December 2014, Pikoli was appointed as the Provincial Police Ombudsman for the Western Cape.



VUYISEKA DUBULA - SONKE GENDER JUSTICE, HEAD OF POLICY DEVELOPMENT AND ADVOCACY UNIT

Dubula is the former chairperson of the board of Corruption Watch. She holds a BA in health sciences and social services from Unisa, with a specialisation in applied psychology, as well as a postgraduate diploma and an MPhil in HIV/Aids management from the University of Stellenbosch. Her work on behalf of people living with HIV has garnered her two prestigious international awards – the Letten Foundation Courageous Leadership Award in 2004 and, in 2010, the Lloyd Foundation Leadership Award, which recognises, develops and empowers HIV/Aids advocacy leadership. Dubula is the former general secretary of the TAC and has since been a role model for women living with HIV when she joined the organisation in 2002. Dubula is currently the head of policy development and advocacy at Sonke Gender Justice.



ZWELINZIMA VAVI - GENERAL SECRETARY OF COSATU

Zwelinzima Vavi joined the Congress of South African Students a year after its official launch in 1979, but his activism for the struggles of the working class began in 1984 when he joined Vaal Reefs Gold Mine and became a shop steward. Vavi was appointed general secretary of Cosatu in 1999. In 2002, he was made a member of the International Labour Organization's World Commission on the Social Dimension of Globalisation. He was elected to the International Trade Union Confederation's executive board and steering committee in 2006 and in 2007 was appointed to the Local Organising Committee Board for the 2010 Fifa World Cup, as well as its audit committee.



MEET OUR FUNDERS



THE ATLANTIC PHILANTHROPIES

The Atlantic Philanthropies are dedicated to bringing about lasting changes in the lives of disadvantaged and vulnerable people. Atlantic is a limited life foundation focused on four critical social issues: Ageing, Children & Youth, Population Health, and Reconciliation & Human Rights. Programmes funded by Atlantic operate in Australia, Bermuda, Northern Ireland, the Republic of Ireland, South Africa, the United States and Vietnam.

AVENG GROUP

The Aveng Group, which operates in construction and engineering and is based in South Africa, focuses on a number of market sectors, including power, mining, infrastructure, commercial and

industrial, oil and gas. The group believes that elected politicians and civil servants are not the only people responsible for upholding values of trust and integrity in society.

BERTHA FOUNDATION

The Bertha Foundation is dedicated to supporting judicial and non-judicial justice initiatives to protect basic human rights. It is also involved in social movements, serving the public interest, improving the quality of lives and supporting new generations of activists.

CLAUDE LEON FOUNDATION

The Claude Leon Foundation is a charitable trust established in 1963. It works in the fields of education and human rights. The foundation supports non-governmental

organisations that are at the forefront of defending democracy and better education in South Africa, and promoting good governance and effective service delivery.

ERNST & YOUNG (E&Y)

Ernst & Young is a leading financial services company promising new technologies and continuous change, and so remaining at the forefront in times of rapid globalisation. The focus of the company is on entrepreneurship, education and environmental sustainability.

FORD FOUNDATION

The Ford Foundation is an independent non-profit, non-governmental organisation that supports visionary leaders and organisations on the frontlines

of social change. The foundation encourages initiatives by those living and working closest to where problems are located; promotes collaboration among the non-profit, government and business sectors; and strives to ensure participation by men and women from diverse communities and all levels of society.

HEINRICH BÖLL STIFTUNG

Heinrich Böll Stiftung (HBS) is a legally autonomous and intellectually open political foundation. The organisation's foremost task is civic education in Germany and abroad, with the aim of promoting informed democratic opinion. In addition, it supports artistic and cultural as well as scholarly projects, and co-operation in the development field.

HIVOS

The Human Institute for Co-operation with Developing Countries (Hivos) is an international development organisation guided by humanist values. Together with local civil society organisations in developing countries, Hivos wants to contribute to a free, fair and sustainable world.

MILLENNIUM TRUST

The Millennium Trust is a private and independent trust that supports innovative approaches to sustaining economic growth, high

quality education, informed public debate, independent democratic institutions, and efficient service delivery in South Africa.

OPPENHEIMER MEMORIAL TRUST

Established in 1958 by the late Harry Oppenheimer, the Trust has a long tradition of investing in education. It also supports the arts as well as public benefit organisations that are actively engaged in cutting-edge policy work and social justice initiatives.

OPEN SOCIETY FOUNDATION

The Open Society Foundation for South Africa is part of the international Soros Foundations Network. It is a grant-making agency that encourages new approaches to an open society in South Africa, supporting activities in the fields of human rights, media, criminal justice and governance.

RAITH FOUNDATION

The Raith Foundation aims to further a just and fair society in which the state and the private sector are both held accountable for their actions.

SAB LIMITED

South African Breweries (SAB) is the local subsidiary of SABMiller, one of the world's largest brewers by volume. This corporation, which

is South Africa's premier brewer and leading distributor of beer and soft drinks, aims to play a formative role in tackling social and health-related challenges in the country.

SIGRID RAUSING TRUST

The Sigrid Rausing Trust is a grant-making foundation that focuses on supporting human rights globally. Since being founded by Rausing in 1995, the trust has donated approximately R2.7-billion to human rights organisations worldwide.

TRANSPARENCY INTERNATIONAL

Transparency International was founded in 1993 and is a non-governmental organisation that monitors and publicises corporate and political corruption in international development.

We have also received significant donations in kind from a number of law firms, auditing firms, media groups, development agencies and individuals.

Corruption Watch expresses its gratitude to creative partners, Nice Work, Mbongi Works, and photographer Michael Lewis, for their innovative design work and high-quality photography produced for this report.



HAND IN HAND

TOGETHER WE CAN
STOP CORRUPTION



Report corruption

Call: 0800 023 456

SMS: 45142

Website: www.corruptionwatch.org.za

More Information

Email: info@corruptionwatch.org.za

Physical address: 87 De Korte Street,
8th floor Heerengracht Building,
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Corruption Watch (South Africa)

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Corruption Watch is a non-profit organisation launched in January 2012.

We rely on the public to report corruption to us. We use the reports as an important source of information to fight corruption and hold leaders accountable for their actions.

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