

■ **corruption
watch** 



ACT REPORT 2017
VOLUME 1 • ISSUE 1

ANALYSIS OF

CORRUPTION TRENDS



CONTENTS



- 4 FOREWORD**
- 6 BACKGROUND**
- 7 BIRD'S EYE VIEW OF THE DATA**
 - 8 TRENDING FORMS OF CORRUPTION AND AREAS OF CONCERN**
 - 10 GEOGRAPHICAL BREAKDOWN**
- 12 UNPACKING TRENDING AREAS**
 - 14 PRIVATE FINGERS IN PUBLIC COFFERS**
 - 16 ROBBING YOUR CHILD'S FUTURE**
 - 18 ROGUE COPS THREATEN SAFETY**
 - 20 TENDERPRENEURS WIN BIG AT THE LOCAL LEVEL**
- 23 CONCLUSION**



FOREWORD

YOU AND I
ACTIVELY EXPOSING
CORRUPTION





Corruption Watch's overriding objective is to encourage and enable public participation in combatting corruption.

We urge the public, as a first step, to report their knowledge and experiences of corruption to us on our various reporting channels. Since we opened our doors in January 2012, we have received over 20 000 reports from members of the public. Reporting volumes have spiked this year, with 2 744 reports received in the first 6 months of 2017.

Constant analyses of the reports enable us to identify hotspots and patterns of corruption; this guides us in developing focused campaigns such as our campaign against corruption in schools. The reports expose gaps in the policy and legal frameworks intended to combat corruption and are the basis for our efforts to advocate for the closing of these gaps and for mounting litigation. Selected reports are investigated further. Above all, we report these various treatments back to those who have reported to us and to the general public thus encouraging further reporting and enabling a better-informed public opposition to corruption.

To date our main report to the public has been our annual report. This Analysis of Corruption Trends (ACT) report is our first half-year report. It partly responds to the spike in the number of reports of corruption that the organisation has received recently. It is inspired by the increase in the volume of public outrage and discussion about corruption.

As a civil society organisation that encourages the citizens and residents of South Africa to blow the whistle on graft, we want to constructively contribute to these discussions by sharing a portrait of the thousands of cases of corruption we received during the first half of 2017. This ACT report is a composition of primary data analyses, legal intervention and media exposés by our small, highly committed team and it stands as our assurance to all the whistleblowers who have reached out to us that their outrage has been heard.

Let us be clear: if we are to tackle corruption effectively, the most essential ingredient is a willingness to blow the whistle. And the more the public expresses its outrage, the more it expresses its rejection of corruption, the more will it embolden those who have knowledge of corruption to blow the whistle. And so we call on the state and the private sector, on fellow civil society organisations, and above all on the South African public to think about and talk about the picture presented in this report. It is a picture which represents the concerns not only of Corruption Watch, but more significantly, of those "ordinary people" who have alerted us to their experiences of everyday and systemic corruption.

Melusi Ncala
Editor / Researcher





BACKGROUND



Corruption Watch opened its doors on 26 January 2012 and to date we have received over 20 000 reports of corruption.

Many of these reports have formed the basis for further investigations, for advocacy campaigns and for litigation. For example, the number of reports that we received at the outset exposing corruption in the management of school resources, encouraged us to embark on a campaign aimed at confronting corruption in this sector. To date we have received approximately 2 100 reports of corruption in schools.



The forms of corruption revealed by the reports have **encouraged us to work closely with School Governing Bodies and with the national and provincial education departments.** Selected individual reports have been further investigated. The outcome of these investigations has been reported to the authorities, including the police. In similar fashion, we have mounted a campaign that has exposed the heinous ways in which foreign nationals are treated at Home Affairs' Immigration Offices. We have received many reports of corruption in the public procurement process and much of our litigation and policy advocacy work has responded to these reports and the patterns and practices that they reveal.

While we are closely involved in the big corruption issues of the day, we are also committed to exposing and confronting those acts of corruption that may not necessarily make it to the front pages of newspapers or that do not regularly become discussion points on radio and television programmes.

These are the acts of corruption that bear down directly upon the daily lives of ordinary South Africans

And so this report highlights our statistics on corruption in municipalities, the South African Police Service and pressing, in schools, among others. We hope that this report will give greater insight to our many supporters and colleagues in the ongoing fight against corruption.

BIRD'S EYE VIEW OF THE DATA

JANUARY TO JUNE HIGHLIGHTS

	2017	2016
TOTAL NUMBER OF REPORTS	2 744	2 107
QUARTER 1	58.4%	49.7%
QUARTER 2	41.6%	50.3%

PROVINCES

GAUTENG	37.3%	39.2%
WESTERN CAPE	7.1%	7.0%
KWAZULU-NATAL	10.4%	8.8%

MUNICIPALITIES

CITY OF JOHANNESBURG	19.5%	19.5%
CITY OF TSHWANE	9.3%	11.7%
CITY OF CAPE TOWN	6.5%	6.2%

TRENDS

CORRUPTION IN SCHOOLS	9.9%	8.9%
CORRUPTION IN SAPS	7.6%	6.0%

TYPES OF CORRUPTION

BRIBERY	29.5%	29.4%
EMBEZZLEMENT OF FUNDS AND THEFT OF RESOURCES	14.4%	11.8%

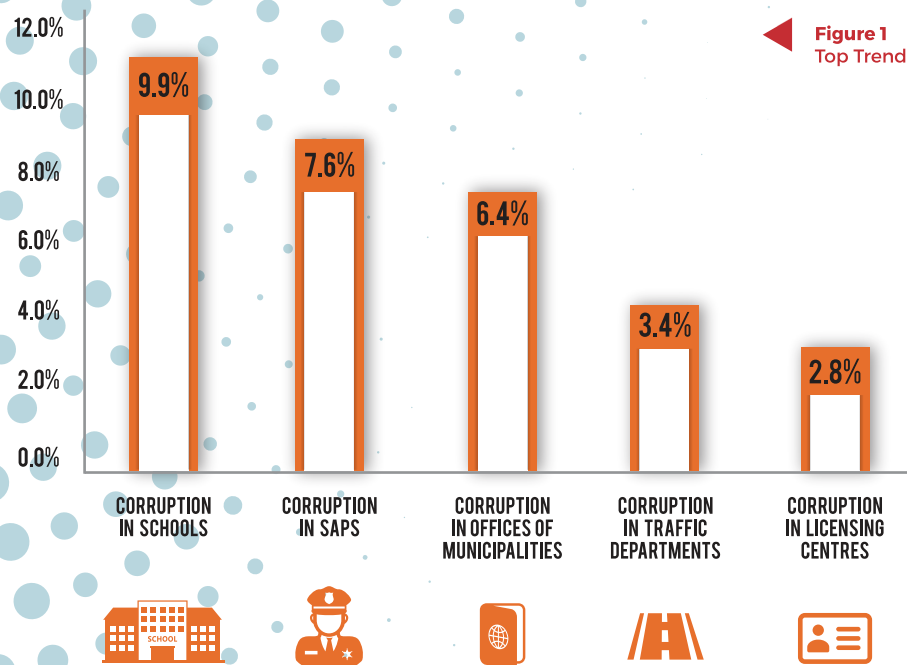


TRENDING FORMS

OF CORRUPTION AND

Corruption Watch's working definition of corruption is: 'the abuse of public resources and public power for private gain'.¹

It is through this lens that we have viewed the 2 700-plus reports of corruption received during the first half of the current year. The data brings five trending areas into focus, as shown in Figure 1 – namely corruption in schools, local municipalities, the South African Police Service, the awarding of licences, and traffic departments. These sectors collectively contribute to a little more than 30% of the overall number of reports of corruption received.



Collected between 1 January 2017 and 30 June 2017, the cases came through several channels including, but not limited to, walk-ins, phone calls to either our office or our call-centre, e-mails and postage, the website, and social media networks.

AREAS OF CONCERN

From the reports of corruption received, especially in relation to the above-mentioned trending areas, we noted that whistleblowers in the main raised concerns of **bribery**, **embezzlement of funds** and **irregularities in procurement processes**. Section 3 illustrates the depth to which each form of corruption occurs in several focus areas.

On the whole, the common themes that are derived from the data are:

BRIBERY

It entails the solicitation or offer of varying amounts of money in order to secure a public tender or a job in the public sector or to avoid arrest and subsequent prosecution – these cases make up 29.5% of our reports.

EMBEZZLEMENT OF FUNDS AND THEFT OF RESOURCES

14.4% of cases are attributed to this act of corruption.

IRREGULARITIES IN PROCUREMENT

including conflicts of interests and/or nepotistic appointments, and/or flouting of procurement processes, account for 12.7% of cases.

IRREGULARITIES IN EMPLOYMENT

Such as the flouting of recruitment processes and/or the submission of false qualifications by serving persons and/or nepotistic appointments and/or the creation of ghost posts – more than 11% of cases highlight this impropriety.

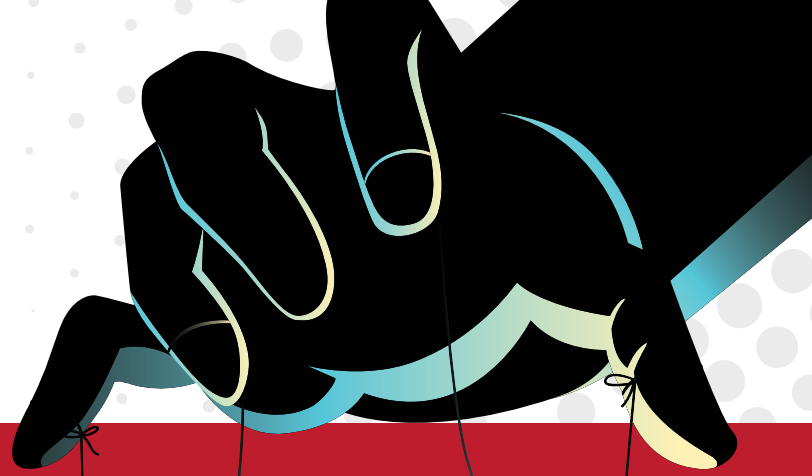
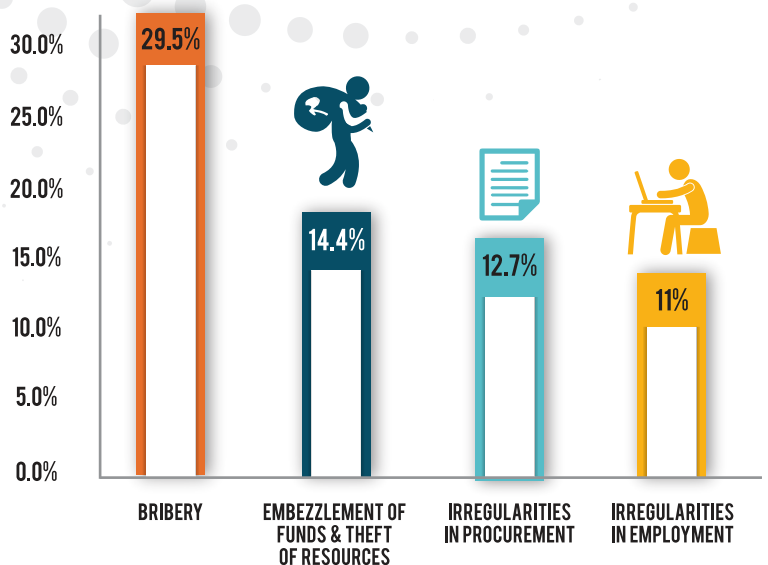


Figure 2
Types of
Corruption



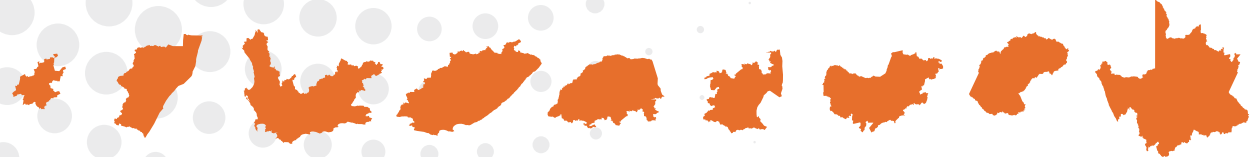
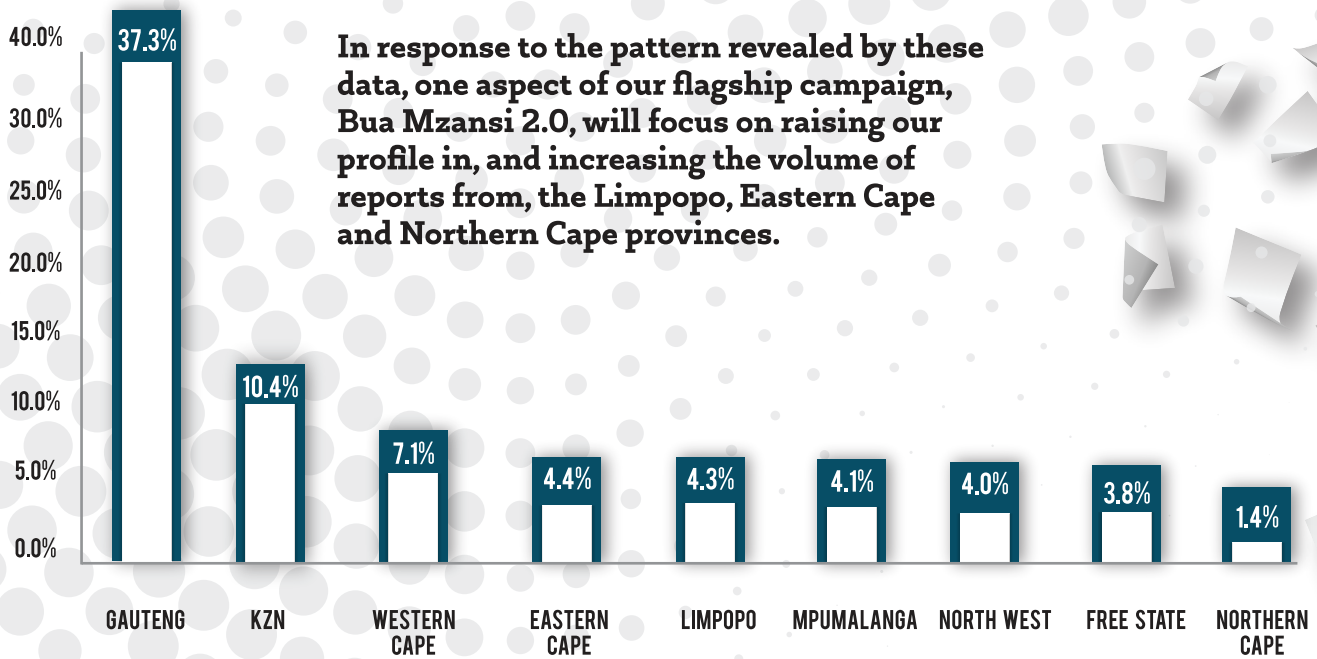


GEOGRAPHICAL BREAKDOWN

PROVINCIAL BREAKDOWN

The majority of the reports received (37.3%) emanate from Gauteng, which is home to the country's largest population (about 13.5-million).² It is also where we are based and where our profile is probably highest. KwaZulu-Natal, with the second highest population figure (about 11.1-million), accounts for just under 10.4% of the reports. Completing the top tier is Western Cape, which accounts for 7.1% of the reports of corruption received.

In response to the pattern revealed by these data, one aspect of our flagship campaign, Bua Mzansi 2.0, will focus on raising our profile in, and increasing the volume of reports from, the Limpopo, Eastern Cape and Northern Cape provinces.



▲ **Figure 3**
Provincial Breakdown

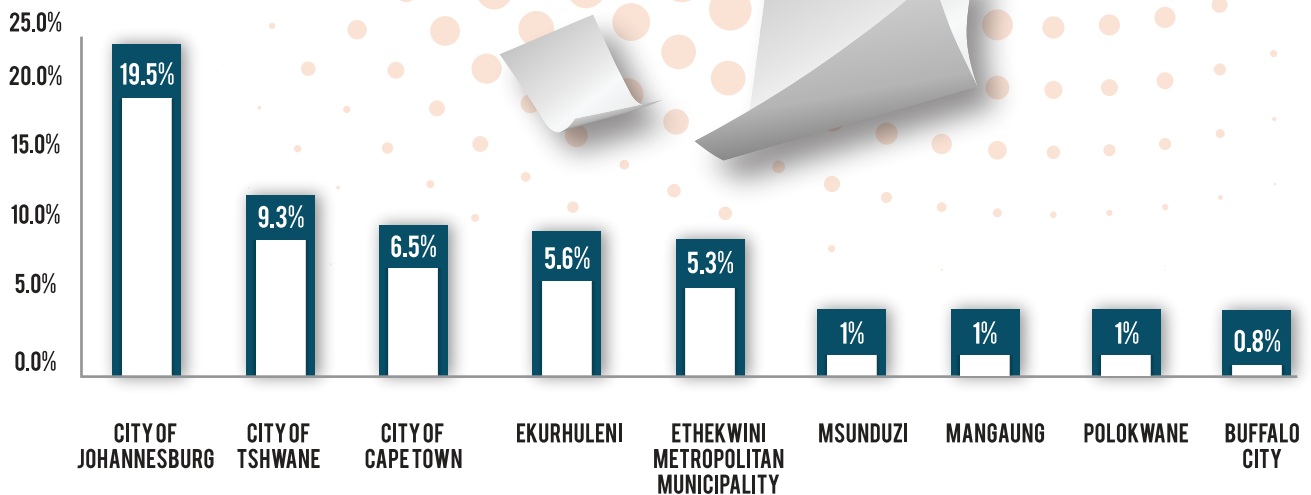
WE RECEIVE REPORTS OF CORRUPTION FROM EVERY CORNER OF SOUTH AFRICA.



MUNICIPAL BREAKDOWN

Following on the provincial breakdown, similar observations are made regarding the municipal hotspots.

A touch under 49% of the reports of corruption emanate from the metropolitan areas. As noted in Figure 4, the top three provinces' metropolitan cities dominate, with Gauteng's three metropolitans – City of Johannesburg, City of Tshwane and City of Ekurhuleni – accounting for 19.5%, 9.3% and 5.6% of the cases respectively. About 6.5% of corruption reports are attributed to the Western Cape's City of Cape Town. KwaZulu-Natal's eThekweni Metropolitan Municipality accounts for 5.3% of the reports received.



▲ Figure 4
Municipal Breakdown

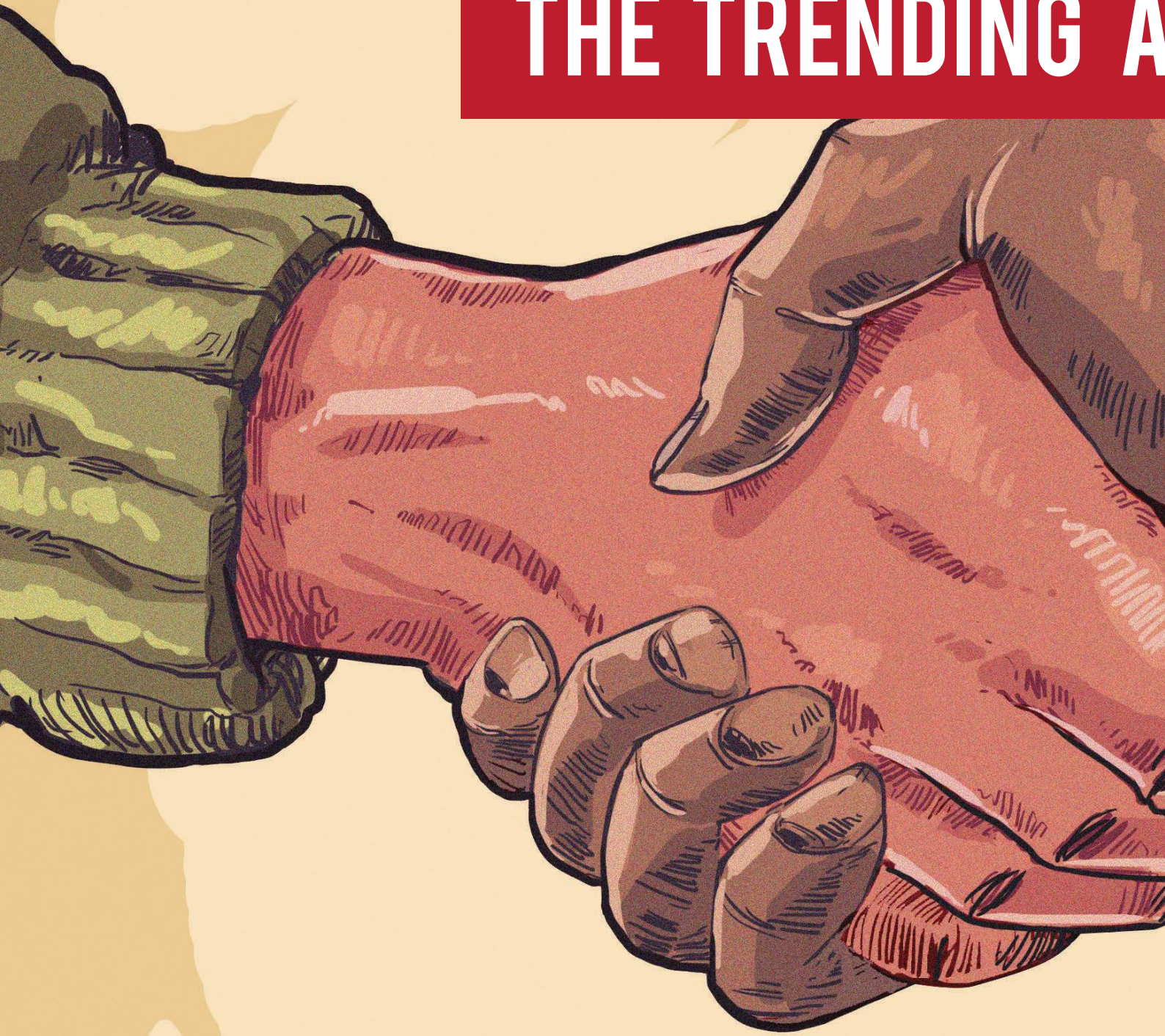
REPORT

The majority of the reports received (37.3%) emanate from Gauteng

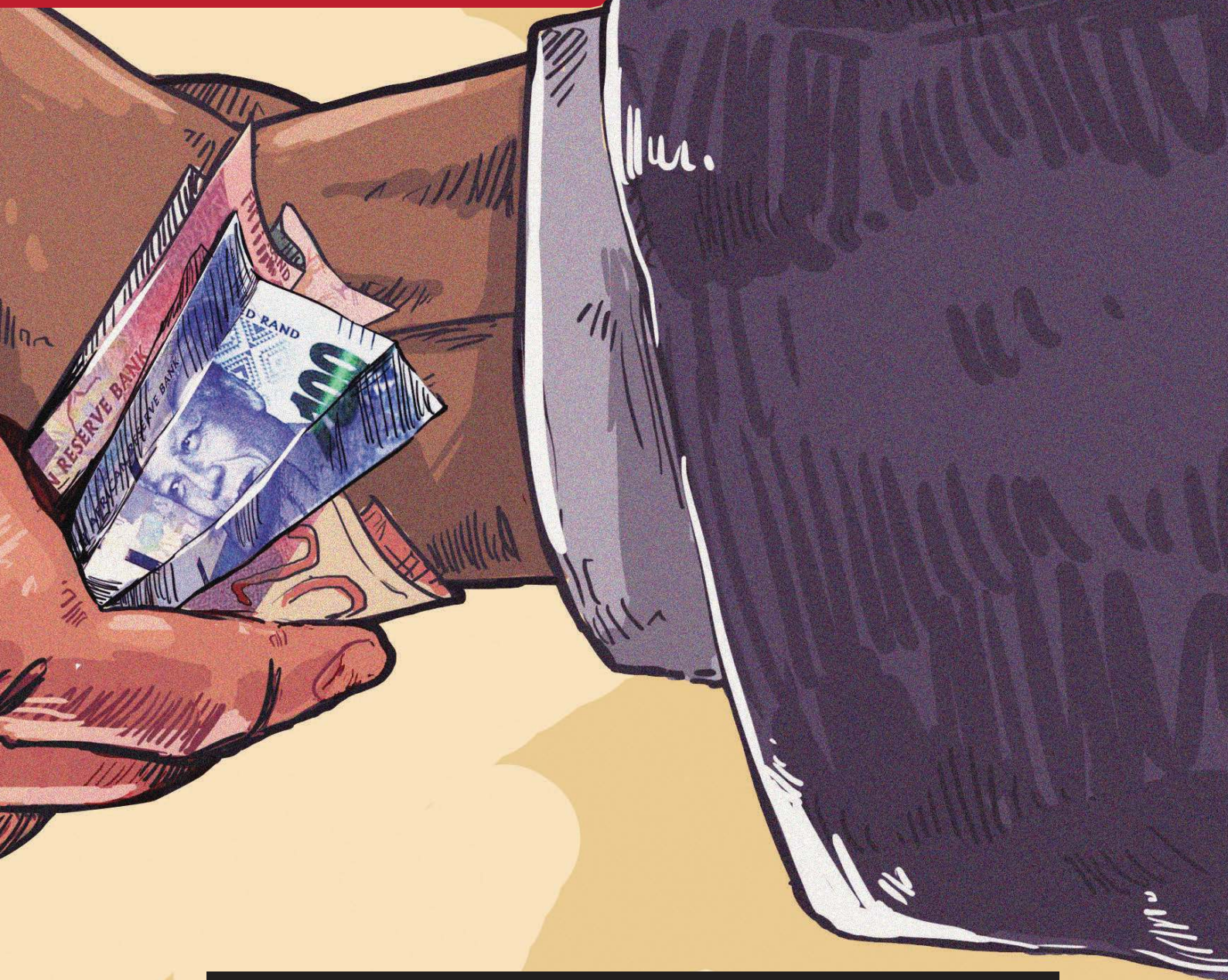


UNPACKING

THE TRENDING A



AREAS



**THE IMPACT OF CORRUPTION
ON ORDINARY PEOPLE**



PRIVATE FINGERS IN PUBLIC COFFERS

We are constantly asked to comment on the extent of 'private sector corruption'. These requests are often accompanied by the assertion that undue attention is given to 'public sector corruption', at the expense of understating the private sector's role in corruption.

The truth is that most corruption takes place at the interface between the public and the private sectors. This is so in many of the common forms of petty corruption, for example the bribe paid by a motorist (the private participant) to the traffic police officer (the public participant).

And it is equally true of the many cases of procurement corruption that we read about where, for example, a large firm (the private participant) bribes the members of a bid committee (the public participant) in order to win a public contract. The same would apply to the situation where a public sector official (the public participant) uses or abuses his power to employ a family member (the private participant) above other equally or better qualified candidates. And, of great relevance in South Africa right now, the same applies to the situation where private business interests capture an important public office – the private interest that is doing the capturing and the public office or public servant that allows itself to be captured are both guilty of corruption.

These are neither examples of private sector corruption nor public sector corruption. They are simply cases of corruption in which both the private and public sector participants are equally complicit and equally guilty. The vast majority of the cases of corruption reported to us fall into this category – neither exclusively private, nor exclusively public, simply corruption. Our data informs us that 53.2% of the corruption reports received are in this category. This figure is derived from the calculations we have made in relation to reports of corruption where common acts are bribery, procurement irregularities and employment irregularities.

To be sure, there are instances of 'pure' public sector corruption, that is, acts of corruption in which there is no private involvement and approximately 33.5% of the corruption cases fall into this category. A public official embezzling the funds of his department, or using the resources of her department (for example, a motor vehicle) for her private business – this is corruption because the public official has abused entrusted public power for private gain.

And there are certainly cases of 'pure' private sector corruption, that is, acts of corruption in which there is no public involvement. The best-known example of this is price fixing.

The public have trusted companies to determine the prices of their goods and services through the process of competition between the producers, a process where the product with the lowest price and of the highest quality wins. Instead, the price-fixing firms have determined prices through co-operation – or rather, collusion – thus abusing the trust of the public who have no choice but to accept low quality and high prices. There are other, more complex cases of pure private sector corruption.

For example, where a big motor vehicle manufacturer assures the public that its products are more environmentally-friendly than its rivals, or where a pharmaceutical company assures the public that its product meets the specified health and safety requirements and these claims turn out to be false. There may well be a case for prosecuting this conduct under the anti-corruption statutes.

The confusion between public sector involvement in corruption and that of the private sector may arise because of the emphasis on public trust and public resources. **Whoever abuses public trust or public resources is guilty of corruption, regardless of whether they come from the public sector or the private sector.**

But there are some good reasons for being particularly concerned about the involvement of public sector representatives and officials in corruption. The private sector, and particularly large firms and their owners and executives, are an immensely powerful interest group. Society needs to curtail this private power. In large part, we elect public representatives and appoint public officials precisely in order to provide the counterweight to private power.

The state – that is, the public power – can provide this counterweight because it alone has the power to make laws regulating the private sector and to enforce those laws. **Corruption becomes a massive problem when the public sector, instead of regulating private power, gets into bed with powerful private interests.** This is when grand corruption or state capture takes hold; this is, in fact, when organised crime, defined as co-operation between money, politics and law enforcement, takes hold. The most direct lever that we, the public, can use to put an end to this is by holding the public sector, those whom we have elected and those whose salaries are paid out of our taxes, to their undertaking to regulate powerful private interests.



THE CONFUSION BETWEEN PUBLIC SECTOR INVOLVEMENT IN CORRUPTION AND THAT OF THE PRIVATE SECTOR MAY ARISE BECAUSE OF THE EMPHASIS ON PUBLIC TRUST AND PUBLIC RESOURCES

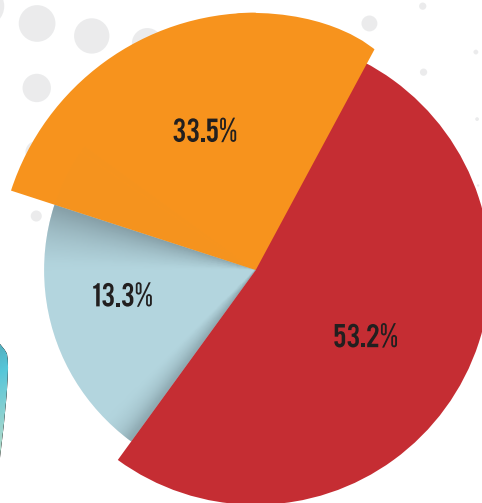


Figure 5
Intersection between
Public & Private Corruption

- OTHER
- PUBLIC SECTOR CORRUPTION
- CORRUPTION BETWEEN PUBLIC OFFICIALS & PRIVATE PERSONS/COMPANY



ROBBING YOUR CHILD'S FUTURE



THE REPORTS REVEAL
THAT SOME PRINCIPALS
APPROPRIATE SCHOOL
FUNDS INTO THEIR
PERSONAL BANK
ACCOUNTS

Corruption Watch regards the issue of corruption in our schools, to which 9.9% of our corruption reports are attributed, as an area of grave concern.

Hence, in the first edition of ACT, we feature some of our investigative findings based on 27 cases in this particular trending area.

Embezzlement of funds and theft of resources is the most prevalent form of schools' corruption reported. **Reporters mainly implicate principals and school governing body (SGB) members in the estimated 34.1% corruption cases of this nature. The reports reveal that some principals appropriate school funds into their personal bank accounts and/or they use schools' finances to renovate their homes and/or buy private vehicles and other luxuries.** Particularly disturbing are the reports of thefts, most often involving principals, of funds and food intended for the school feeding schemes, often the only nutritious daily meals that a large number of learners receive.

Undoubtedly the most distressing reports of schools corruption are those alleging 'sextortion', where young learners pay teachers with their bodies for access to exam papers or for a mark that will have them promoted to the next grade. We have received a small number of reports to this effect, but there are strong grounds for believing that this may be a particularly underreported form of corruption.

The reports have established that there is credence in the accusations of principals of no-fee schools coercing parents/caregivers into paying school fees and registration fees, and contributing financially toward other so-called fundraising initiatives. The parents' failure to comply with these threats may result in school officials abusing their powers by, it is said, withholding learners' reports at the end of school terms, denying learners the opportunity to participate in some school activities, and continuously harassing those learners. These abusive acts occur despite the fact that Section 41(7) of the South African Schools Act states that no learner may be deprived of his/her right to participate in a school's programme, whether or not his/her parent is able to pay fees.

Our findings from investigations into 27 schools support the reporters' claims. We learnt that principals at these schools - all formally declared as no-fee schools - advance a number of reasons to compel caregivers to pay varying amounts of money. The caregivers are instructed to pay anything from R40 to R90 per learner for registration, security and maintenance, while others are forced to fork out amounts ranging from R100 to R700 per learner for school fees and donations. Moreover, from our engagements with reporters, it is clear that often the requested funds are not accounted for by officials nor are these funds recorded in the schools' financial accounts.

Finally, we bring attention to the 14.4% of corruption cases that allege irregularities in employment processes. Whistleblowers state that principals flout recruitment processes to advantage their preferred applicants. Reporters inform us that salary adjustments are made to teachers' earnings without proper consultation with relevant structures - namely the SGB or the Department of Basic Education. These increments are referred to as stipends and recipients are frequently identified as family members of the principals. This nepotism frequently extends to the creation and filling of vacancies as well as promotions, be it in administration or teaching posts.

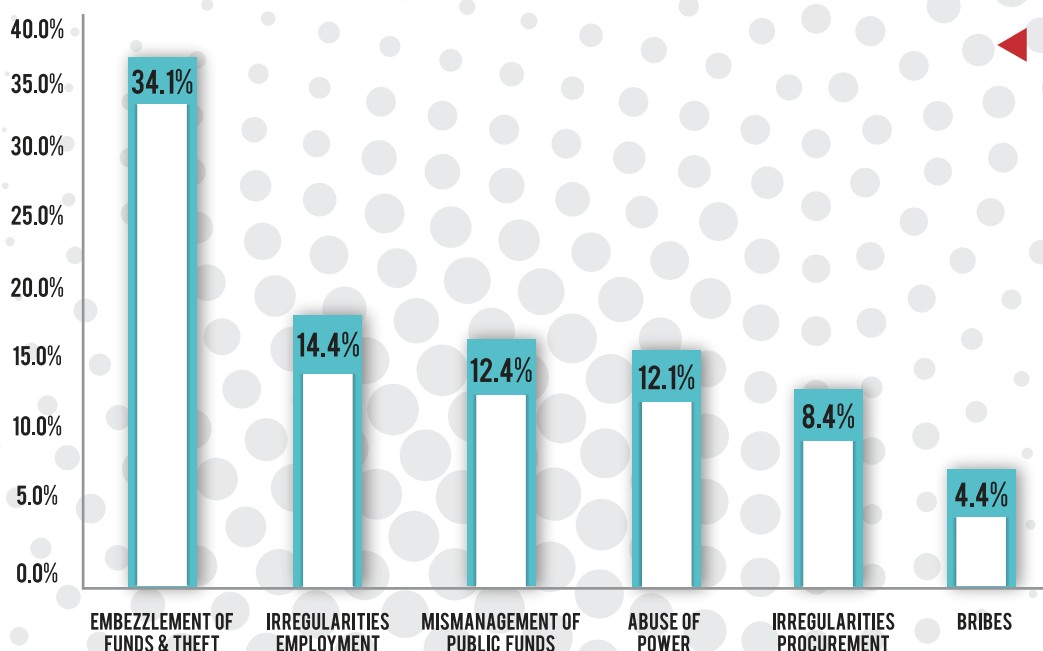


Figure 6
Corruption in
Schools



ROGUE COPS THREATEN SAFETY

We are provided with anecdotal accounts of how officers physically abuse members of the public and how personal belongings are confiscated or deliberately destroyed, and all of this, and a great deal more, occurs as a result of citizens' unwillingness or inability to engage in corrupt activities.

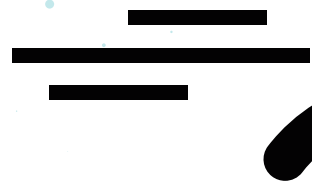
In the 33.9% of cases that point to bribery within this area, reporters attest to witnessing police officers accepting bribes from drug dealers and so-called petty criminals who are accused of muggings and burglaries. When some of the reporters bring these corrupt activities to the attention of senior police officials, it is commonplace for these officers to shield their colleagues.

In the category classified as dereliction of duty, which accounts for 22.2% of the corruption reports, we have collated cases in which reporters have laid complaints and/or filed cases against police officers accused of wrongdoing. However, these officers are protected by their colleagues who fail to act upon the grievances raised by complainants. If anything, some victims suggest that the lack of action by the police stations' heads of divisions spurs the accused officers to increasingly brazen acts of corruption.

Coupled with the anecdotes in which reporters alert us to officials' failure to act upon grievances, are horrific accounts of officers being grossly violent toward members of the public who refuse to be party to their corrupt ways. A portion of the "other" percentage in the graph pertains to this aspect --including that officers at times invade whistleblowers' homes and businesses and they are also said to be confiscating persons' belongings without any rhyme or reason. Street traders commonly make this latter allegation.

These reports are partly responsible for our decision to launch, in partnership with the Institute for Security Studies, a campaign to encourage and enable public participation in the appointment of a new SAPS national commissioner and the head of the Directorate for Priority Crime Investigations (the Hawks). **We believe that it is only through a transparent public process that the leadership of our criminal justice institutions will be stabilised and will commit themselves to root out corruption.**

For more information visit
<http://www.corruptionwatch.org.za/cw-iss-campaign-accountable-honest-police-leaders/>



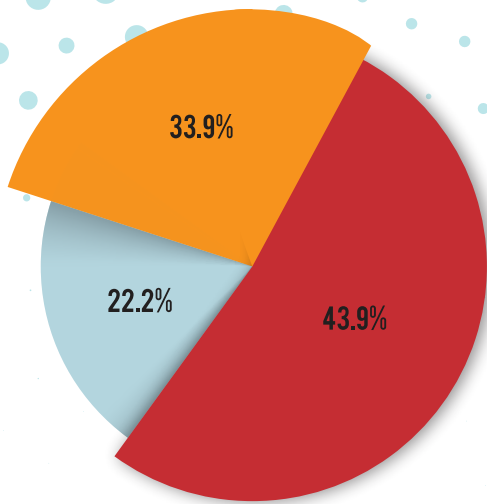


Figure 7
Corruption in SAPS

- OTHER
- DERELICTION OF DUTY
- BRIBERY



Whistleblowers who contributed to the 7.6% of corruption reports in this trending area have shared harrowing details of their experiences with some of the members of the South African Police Service (SAPS)





TENDERPRENEURS WIN

BIG AT TH

In this section, we discuss the pervasiveness of graft in the offices of municipalities, traffic departments and licensing centres. These are, for the most part, the responsibility of local government – the third tier – although some of these institutions are the responsibility of the second tier, that is, provincial government. It is local government that is principally responsible for the delivery of public services. Collectively, these public institutions account for 12.7% of reports of corruption received during the period in question and of this percentage, over 6.4% of cases relates to the administrative offices of municipalities.

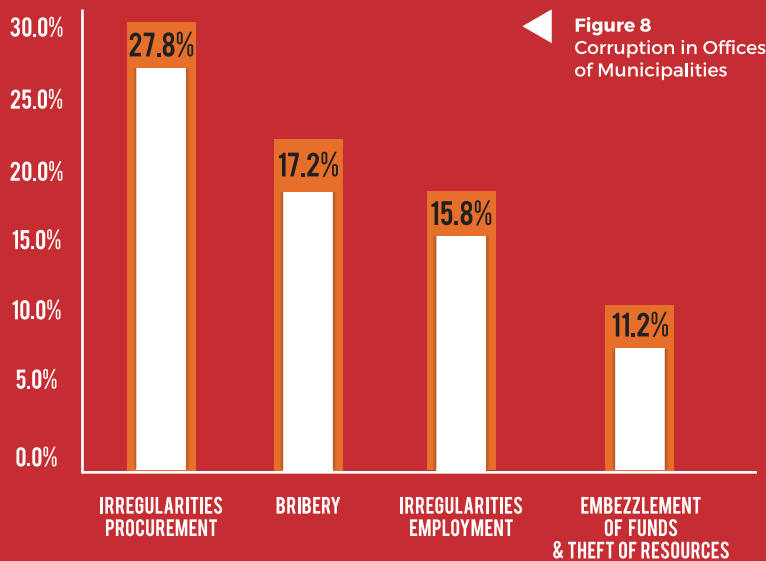
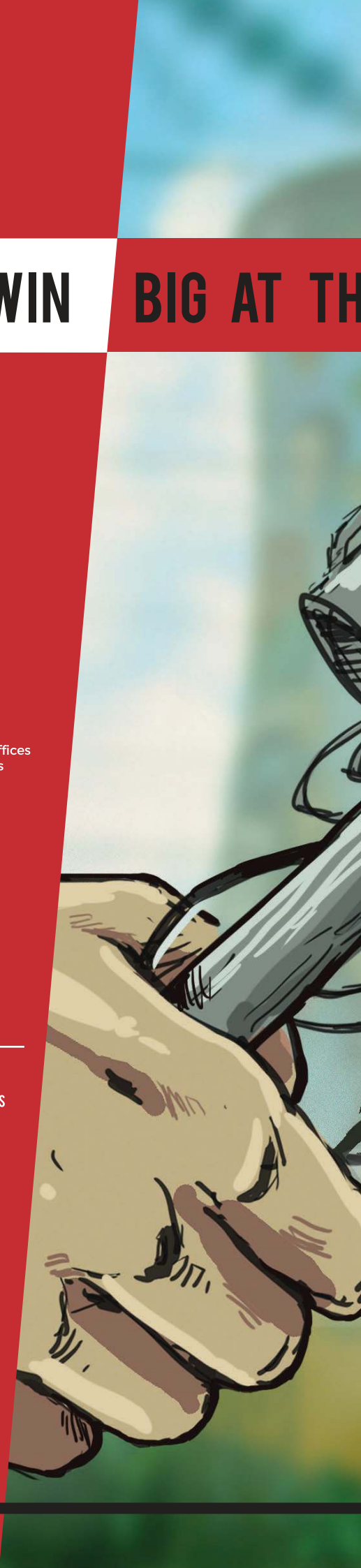
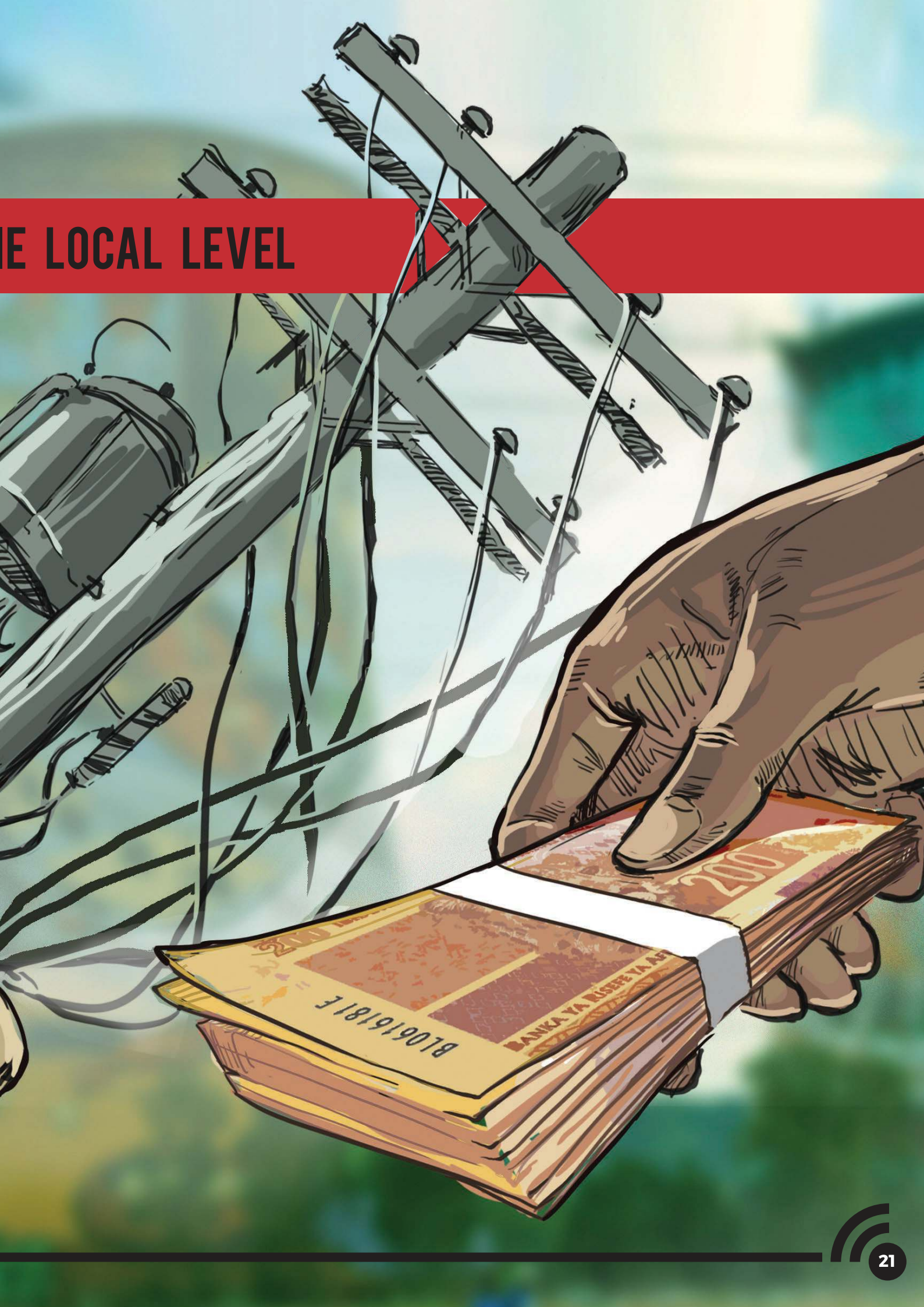


Figure 8
Corruption in Offices of Municipalities

With regard to allegations of procurement irregularities, which contribute to 27.8% of the corruption cases, reporters recount to Corruption Watch how some officials within municipalities flout procurement processes to benefit themselves, their friends and their family members. Reports expose how officials repeatedly allocate tenders to themselves or to their family members and close associates. Some officials manage to allocate tenders to companies that they have ties with by appointing themselves to adjudication committees, or they adjust the bidding criteria, making these meet their preferred companies' standards.



THE LOCAL LEVEL





TENDERPRENEURS WIN BIG

17.2% of corruption reports allege bribery in municipal administrative offices. Many of these reports allege that bribery by businesses to secure local government tenders.

The allegations of bribery also extend to other departments such as the previously mentioned traffic departments and licensing centres.

In 86.4% of corruption cases highlighting bribery in license centres, reporters voice immense frustration with the general acceptance that a bribe worth thousands of rands needs to be coughed up by a prospective driver, whether or not she actually deserves the license. Whistleblowers mainly implicate the instructors and owners of driving schools as well as officials in licensing centres in these corrupt activities.

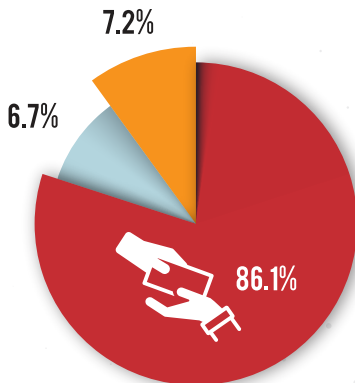


Figure 9
Corruption in
Licensing Centres

- OTHER
- FRADULENT DOCUMENTS
- BRIBERY

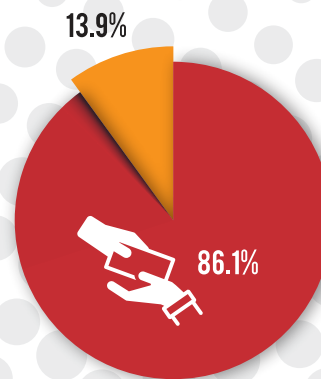


Figure 10
Corruption in
Traffic Departments

- OTHER
- BRIBERY

Meanwhile, in 86.1% of corruption cases that speak to bribery in traffic departments, reporters say that traffic officers are at the frontline of this form of corruption. Many reports cite actual experiences of motorists with metropolitan police officers.

Random stoppage is followed by a confrontation with officers seeking a pay-out due to perceived flaws with the vehicles, driving under the influence of alcohol, or a violation of a traffic law. When motorists decline to pay the solicited bribe, which could run to thousands of rands, the stand-off between parties escalates with the officers threatening to confiscate drivers' licences or identity documents, or impound vehicles, or remove the vehicles' licence discs. While some of these motorists are innocent offenders, many are indeed guilty of driving under the influence or driving a vehicle that is not roadworthy. They simply pay the bribe and drive on. This undoubtedly contributes to the very high incidence of road accident deaths in South Africa.

CONCLUSION

This report paints a picture of a profoundly disturbing status quo in our country – especially for those who rely solely on the state for protection and the provision of basic amenities and services. While certain of the reports that we receive contribute to exposing the grand corruption stories in the news headlines, most of them expose how corruption weighs on the daily lives of ordinary South Africans, particularly those who rely on publicly provided goods and services – including, but not limited to health, education, welfare, transport, security, and energy.

And so this report outlines the disheartening way that the quality of the education, and educational experience, of South Africa's children is being compromised for selfish gains. It exposes the complicity of business in rampant corruption at all levels of society, it reveals rampant corruption in those institutions that are meant to protect us.

However, the good news is that South Africans have not given up the fight. They continue to oppose corruption with the vigour associated with a people who have, in their time, overcome seemingly intractable problems. This report evidences that fight in the willingness of the public to report their experiences of corruption to us. And, as we have said, whistleblowers are the critical ingredient in successfully combatting corruption.

This report is dedicated to those courageous and civic-minded South Africans who have refused to accept the abuse meted out by those in power.

Reporting corruption is how the scales can be tipped in favour of those who wish for a better, just transparent and accountable society





REPORT CORRUPTION ONLINE

Report an incident online on our website now. The communication is secured and your information will be treated with outmost care and security.

www.corruptionwatch.org.za



OUR CORRUPTION HOTLINE

0800 023 456
(toll-free from landlines)

REPORT VIA WHATSAPP

072013 5569

CALL-BACK SERVICE

**SMS "CALLME" TO
44 666**



THE CORRUPTION WATCH OFFICE

CORRUPTION WATCH (RF) NPC
8th Floor, Heerengracht Building
87 De Korte Street
Braamfontein, 2001, Johannesburg
P.O. Box 30630, Braamfontein, 2017

info@corruptionwatch.org.za
T. 011 242 3900 | F. 011 403 2392

