

Corruption

[Printer friendly version](#)

[Send to a Friend](#)

Mail & Guardian (Johannesburg) June 6/2002

Lesotho takes on corruption analysis by Lala Camerer

JOHANNESBURG - The thing about corruption that really sticks in one's throat is the arrogant self-righteousness of those, convicted of corrupt activity, who unashamedly deny they have engaged in criminal conduct. This is the case in the landmark trial played out this week in the High Court of Lesotho with the sentencing on Tuesday of Masupha Ephraim Sole, the CEO of the Lesotho Highlands Development Authority, to an effective 18-years' imprisonment for 13 counts of bribery.

Even after the judge, former chief justice Brendan Cullinan, found beyond reasonable doubt that millions of rands from international consulting firms had been secretly channelled into Sole's Swiss bank account - presumably to favourably influence the allocation of lucrative public construction contracts - Sole continues to proclaim his innocence. No doubt the case will go on appeal at further cost to the state.

There are many important features in this case, which is why governance experts around the world are watching it closely.

Firstly, it demonstrates the tangible political will of the Lesotho government to fight corruption beyond political speeches, conferences or even ratifying protocols and conventions. Actively prosecuting high-level and often politically well-connected bureaucrats is a difficult, timely and therefore costly exercise, one that many advanced democracies rarely embark on.

Secondly, the even-handed approach taken by the Crown to address both sides of the corruption equation by prosecuting not only those who take bribes but also those who give them, is laudable and will go some way to illuminating the in-built hypocrisy surrounding activities of international companies doing business in Africa.

Thirdly, if the international companies concerned are found guilty of corruption in Lesotho it will challenge the World Bank to stick to its promise of debarring corrupt companies from further contracts for a specified period of time, as conceived in World Bank procurement guidelines.

Over the coming months a number of highly reputable and established international consulting firms, including the Canadian firm Acres, will be tried in the Maseru court.

They, too, deny wrongdoing ú after all, everyone knows that "facilitation payments" are almost indispensable for getting business done in Africa.

Denial of a crime by both parties creates enormous challenges for the prosecution to prove wrongdoing. This denial is why corruption is sometimes called a "victimless" crime, since both parties willingly engage in it with some type of accrued benefit. There are no immediate victims, therefore no crime. But is this strictly true? Surely two offenders create an offence? At what cost to society are the mutual benefits enjoyed by a few achieved?

Sitting in the high court watching the stolid expressions on the faces of Basotho citizens who came to hear Sole sentenced, I wondered if they had felt any of the chilling effects corruption has on societies that fail to tackle it. Earlier a hotel staff member told me, with a slight twinge of envy in her voice, that Sole's girlfriend

still came to the casino in the Mercedes he had given her. She had also heard people lost their jobs because of him.

Beyond anecdotal evidence, over the past 10 years a persuasive academic literature has emerged using econometric and statistical modelling to show the negative social, political and economic ramifications of corruption.

While corruption is a feature of all societies to varying degrees, it has a particularly devastating effect on developing countries in Africa. This is because it has been shown to undermine economic growth, discourage foreign investment and reduce the optimal utilisation of limited resources available for infrastructure, public services and anti-poverty programmes. Corruption may also undermine political institutions by weakening the legitimacy and accountability of governments, and further fuel citizens' inherent distrust and ultimately disengagement from the political process.

Using cross-country studies based on a number of indicators, economists have found that corruption affects the economy by hindering or deterring foreign and local investment. According to some studies, a corrupt country is likely to achieve aggregate investment levels of almost 5% less than one that is relatively uncorrupt, and will lose about half a percentage of gross domestic product growth a year.

Corruption affects the quality and composition of public expenditure projects ú where more is spent on public works and defence, which are more prone to corrupt pickings, and less on health and education. It undermines the fiscus through non-optimal collection of taxes and revenues as the unofficial underground economy flourishes. It distorts policy and resource allocation, thereby increasing inefficiency. It undermines trust and credibility in institutions and procedures. It threatens human security through linkages with drugs and organised crime. And, because of the

unjust access it facilitates to often limited social and political goods and services, corruption can create social and political unrest if it goes unchecked. In addition, corruption takes its greatest toll on the poor and bites into the moral fibre of society.

Ultimately, the costs of prosecuting corruption have to be weighed against the effect corruption has on a particular society. In Lesotho, one of the poorest countries in the Southern African Development Community, there is almost no choice but for the state to swallow hard and continue with these cases. Hopefully its efforts will be recognised and rewarded by foreign direct investment and development aid, by a global community serious about supporting credible anti-corruption reform in Africa.

Lala Camerer is an independent anti-corruption analyst based in Cape Town.

<http://www.odiousdebts.org/odiousdebts/index.cfm?DSP=content&ContentID=4990>