

MEDIA RELEASE



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Department of Water Affairs and Forestry - Chief Directorate: Communication

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MINISTER RONNIE KASRILS PLEDGES SUPPORT FOR ONGOING ACTION AGAINST THE COMPANIES INVOLVED IN LESOTHO HIGHLANDS WATER PROJECT CORRUPTION

The Minister of Water Affairs and Forestry, Ronnie Kasrils has congratulated his Lesotho counterpart, Minister Monyane Moleleki and his government following the conviction of Mr Masupha Sole, the former Chief Executive of the Lesotho Highlands Development Authority (LHDA). This follows Sole's conviction in the Maseru High Court on 13 counts of receiving bribes from international consultants and contractors. South Africa has a major interest in the Project that is implemented by LHDA in Lesotho.

In his note to Minister Moleleki, Minister Kasrils commended the Lesotho Government on their resolve to fight corruption and their steadfast determination to prosecute those involved in the Sole bribes, at considerable cost. He also indicated South Africa's willingness to consider any request for help to fund the ongoing prosecution.

The bribes, paid during the early 1990's, were uncovered in 1997 in the wake of a disciplinary process and subsequent successful civil suit against Sole. This led to the criminal prosecution of Sole and various parties by the Government of Lesotho. Sole is the first party to be convicted, while the trials against the companies and intermediaries allegedly involved in paying the bribes are proceeding.

The South African Government strongly supported the continued efforts by the Lesotho Government to curb corruption. Throughout the investigations, Minister Kasrils, who is responsible for the LHWP, has provided moral support to his Lesotho counterpart. South Africa has assisted in the collection and evaluation of evidence. This is an important test case for the NEPAD initiative which aims at promoting good governance and weeding out corrupt practices of parties.

The successful prosecution of Sole should strengthen the Crown's cases against the other parties. It should also facilitate the recovery of the bribes from the parties who paid Sole. Although the bribes were small in comparison with the capital investment, the authorities are determined to recover the money from the parties who paid Sole. Where practical, moneys were withheld from the contractors.

The prosecuting team had to overcome the difficulties of obtaining banking records from Switzerland and the strenuous resistance by Sole and the other parties in the Swiss courts. All possible legal means were employed to thwart proceedings. No less than eleven interim rulings had to be handed down by the Maseru High Court.

The case has exposed a clique of parties and individuals that have participated in the malpractices and methods used, including so-called "representation agreements" to conceal acts of bribery. The lessons learnt in this process will be strictly applied in further development projects.

Minister Kasrils has also indicated that he will be briefing his colleagues on the implications of the case for the participation of international and local companies in future publicly-funded projects. Contacts will also continue with the representatives of the countries in which the companies concerned are based as well as with multilateral organisations such as the World Bank with a view to bringing the matter to a speedy conclusion.

In addition, it is proposed that the challenges of addressing corruption in large water projects will be debated during the Earth Summit as part of the programme at the so-called "Water Dome" .

ENQUIRIES

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