

Corruption – A social disease

Part 17

Strategic opportunities of capital projects

In a culture where the institutions and the systems of the state are weakened, organised syndicates deliberately infiltrate strategic components, such as customs and excise.

The smuggling (import and export) of illegal products during the Travel-gate parliamentary fraud in South Africa serves as example. Another example of a strategic infiltration is when the legitimate power of the police is compromised. For example, the Agliotti-Selebi case.

Procurement provides hard, not to resist opportunities, for corruption. Capital-intensive projects such as dams, railways and toll roads are billion dollar opportunities for making profit.

For constructing the Katse dam as part of the Lesotho Highlands Water project, a high ranking Lesotho official was bribed to "shoehorn" a tender of a conglomerate of international companies into place. Swedish, Canadian and American companies were involved in this corruption. The bribe

was exposed and Lesotho filed a court case against the implicated companies at the International Court of Justice. It was the first time that a developing country took Multi-National Companies (MNCs) to court due to corruption and succeeded.

It is a case in point that demonstrates what should and can be done to fight corruption in what seems sometimes to be an increasingly corrupt world. A relatively small developing country can challenge mega influential powerful businesses.

International institutions such as the World Bank (that promotes anti-corruption strategies) and/or any MNC (to my knowledge) have never applauded the success and bravery of Lesotho. Reasons could be due to Lesotho's challenge of MNCs' power in the



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construction market, exposing the secrecy associated with the process of tender evaluation and the negative impact on MNCs profit margins.

Exploiting the gap between demand and supply

Alleged bribery in evaluating bids (tenders) for constructing the Neckartal dam is another example of why large capital-intensive projects provide lucrative opportunities for corruption. It also demonstrates that where there is an opportunity for corruption, people will most probably exploit it.

The bigger the opportunity, the higher the probability of corruption actually taking place. A

critical part of fighting corruption is to reduce such opportunities, in other words, reducing the gap between the demand for exploiting huge moneymaking opportunities and the supply thereof. For example, large capital intensive projects with billion dollar profit margins and a billion reasons for billion dollar bribes. The larger the project in capital value, the more a company can afford to offer and pay a bigger bribe, compared to labour intensive projects such as the maintenance of buildings and education.

References

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penetration

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